SAN FRANCISCO PUBLIC LIBRARY
3 1223 06446 3806

5/S

San Francisco Public Library

Government Information Center
San Francisco Public Library
100 Larkin Street, 5th Floor
San Francisco, CA 94102

REFERENCE BOOK

Not to be taken from the Library

SF
P55
#1
4/9/02
cancelled

PORT OF SAN FRANCISCO

NOTICE OF CANCELLED MEETING

The following Regular Port Commission Meeting has been cancelled:

APRIL 9, 2002 @ 4 P.M.

The next Port Commission Meeting is scheduled on:

APRIL 23, 2002 @ 4 P.M.

04-02-02P03:13 RCVD

San Francisco Port Commission
Pier 1, San Francisco, CA 94111
(415) 274-0406

DOCUMENTS DEPT.
APR - 2 2002
SAN FRANCISCO
PUBLIC LIBRARY

C04092002

3 1223 06446 3806

04-18-02P02:44 RCVD

SAN FRANCISCO PORT COMMISSION

DOCUMENTS DEPT.

APR 18 2002

SAN FRANCISCO PUBLIC LIBRARY

REGULAR MEETING
4:00 P.M., TUESDAY, APRIL 23, 2002
BAYSIDE CONFERENCE ROOM
PIER 1, SAN FRANCISCO, CA 94111

AGENDA

1. **ROLL CALL**

2. **APPROVAL OF MINUTES** - March 26, 2002 Regular Meeting

3. **EXECUTIVE**

   A. Executive Director's Report
   - Herb Caen Celebration
   - American Institute of Architects (AIA) Award for Pier 1
   - USS McCampbell at Pier 30/32

4. **CONSENT**

   A. Request for approval to terminate Lease No. L-13045 with Leon Sugarman & Associates at 1101 The Embarcadero. (Resolution No. 02-09) (Staff report provided to the Commission.)

   B. Request for approval to terminate Lease No. L-12892 with Studio Impact, Inc. d.b.a. 300 Feet Out at Pier 9. (Resolution No. 02-10) (Staff report provided to the Commission.)

5. **REAL ESTATE**

   A. Request for approval of a Memorandum of Understanding between the Port and the Department of Public Works (DPW) for the purpose of occupying Port property for the rehabilitation of the 4th Street Bridge and approach roadway. (Resolution No. 02-11) (Staff report provided to the Commission.)

6. **ENGINEERING & MAINTENANCE**

   A. Informational Presentation on the Status of Engineering and Maintenance Projects. (Staff report provided to the Commission.)

   B. Informational Presentation of Design Development Plan for development of fish processing facilities in Shed C of Pier 45 at Fisherman's Wharf. (Staff report provided to the Commission.)

   C. Request for approval to advertise for competitive bids for the construction of the Pier 52 Parking Lot Project. (Resolution No. 02-12) (Staff report provided to the Commission.)

7. NEW BUSINESS/PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to all Commissioners for review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

8. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER (DISCUSSION ITEM):

a. Discuss existing litigation matter pursuant to subdivisions (a) and (d) of the California Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d) (1 case).

- As Defendant: F. Alioto Company, Inc. et al. v. City and County of San Francisco, et al., San Francisco Superior Court Case No. 318360. Action filed January 25, 2001.

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative. *

a. Property: Bryant Street Pier
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*San Francisco Cruise Terminal LLC: Glen Elkington

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at the Bryant Street Pier.

b. Property: Rincon Park Restaurant Site
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*Rincon Park Restaurants, LLC: Reed Hearon

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations regarding the Rincon Park Restaurant Site.

2 50351 SFPL: ECONO JRS
45 SFPL 04/09/04 71

c. Property: Pier 26
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*International Museum of Women: Elizabeth L. Colton

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 26.

d. Property: Pier 96
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*West Coast Recycling/Norcal: Don Gamblin

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 96.

e. Property: Pier 7
Person Negotiating: Port: Theresa Picon, Director of Real Estate
*Waterfront Restaurant: Al Falchi

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations regarding property located at Pier 7.

f. Property: Pier 92
Person Negotiating: Port: Theresa Picon, Director of Real Estate
*Pacific Cement: Rick Ramirez

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 92.

9. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12

B. Vote in open session on whether to disclose any or executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

10. ADJOURNMENT

Staff Reports: Explanatory Documents available to the public are posted on the Port's Website at www.sfport.com.

APRIL/MAY 2002
CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
April 23	4:00 p.m.	Port Commission	Bayside Conference Room @ Pier 1
May 14	4:00 p.m.	Port Commission	Bayside Conference Room @ Pier 1
May 28	4:00 p.m.	Port Commission	Bayside Conference Room @ Pier 1

NOTES:
The San Francisco Port Commission meets regularly on the 2nd and 4th Tuesday of the month at 4:00 p.m., unless otherwise noticed, in the Bayside Conference Room @ Pier 1. Contact Amy Quesada at 274-0406 to be placed on the mailing list for Commission meeting agenda. ***The Commission Agenda and staff reports are also posted on the Port's Website @ www.sfport.com.***

The Fisherman's Wharf Waterfront Advisory Group meets regularly on the 3rd Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Person: Kirk Bennett @ 274-0545.

The Maritime Commerce Advisory Committee (MCAC) meets every other month on the second Wednesday at 11:30 a.m. in Bayside 1 @ Pier 1. Contact Person: Jill Simpson @ 274-0519.

The Mission Bay CAC meets regularly on the 2nd Thursday of the month, from 5:00 to 7:00 p.m. at the Mission Bay Visitor Center (255 Channel Street). Please contact Tiffany Bohee at 749-2481 for more information.

The Northeast Waterfront Advisory Group meets regularly on the 1st Wednesday of the month at 4:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Person: Kirk Bennett @ 274-0545.

The Pier 70 Advisory Group meets monthly on an as-needed basis generally on the 2nd Wednesday of the month from 4 to 6 p.m. at the Potrero Campus of the California College of Arts and Crafts, Board Room, 1111 – 8th Street between Irvin and Hooper. Contact Person: Mark Paez @ 705-8674.

The Rincon Point-South Beach CAC meets regularly on the 3rd Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Please contact Tiffany Bohee at 749-2481 or 749-2400 for more information.

The Southern Waterfront Advisory Committee (SWAC) meets every 4th Monday of the month. Location to be determined. Contact Person: Diane Oshima @ 274-0553.

The Waterfront Design Advisory Committee meets the 3rd Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conference Room @ Pier 1. Contact Person: Dan Hodapp @ 274-0625.

Port Website: Check out the Port's Website at **www.sfport.com.**

DOCUMENTS DEPT.

APR 18 2002

SAN FRANCISCO
PUBLIC LIBRARY

ACCESSIBLE MEETING INFORMATION

Getting to Pier 1:
Pier 1 on the Embarcadero, at the foot of Washington St. The Embarcadero Station is the closest BART and MUNI Metro stop, located below Market St. at Drumm & Spear Streets. The nearest F-Line streetcar stop is on the Embarcadero at Washington St. MUNI bus lines serving the Pier 1 area are the 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142.

The nearest accessible parking is provided in the following off-street pay lots:
A) 1 space in the surface lot on the west side of the Embarcadero at Washington St.
B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets
C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking.

Metered street parking is available on the Embarcadero, Washington St. and Drumm St.

Pier 1:
The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Commission Bayside meeting room. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Commission meeting room.

Accessible meeting information policy:
In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Kevin Jensen, ADA Coordinator, at 274-0555. The Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance. Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, please contact Donna Hall, Administrator at 554-7724; fax 554-5163; e-mail address Donna_Hall@ci.sf.ca.us; City Hall, Room 244, One Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4689. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Ordinance Task Force, the San Francisco Public Library and on the City's Website at www.ci.sf.ca.us/bdsupvrs/sunshine.

Lobbyist Registration and Reporting Requirements. Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code §2.100) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

PORT OF SAN FRANCISCO

MEMORANDUM

April 17, 20002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Denise McCarthy
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Request to Terminate Lease No. L-13045 with Leon Sugarman & Associates a affecting offices at 1101 The Embarcadero (The Sandhouse)

DIRECTOR'S RECOMMENDATION: TERMINATE LEASE NO. L-13045 AS OF APRIL 1, 2002 UPON PAYMENT OF THREE (3) MONTHS RENT.

BACKGROUND

Leon Sugarman was one of the tenants evicted from Pier 1-1/2 for that development project. On November 29, 2000, the Port of San Francisco entered into Lease No. L-13045 (the "Lease") with Leon Sugarman & Associates. They are a specialty architecture and design firm and occupy 653 square feet in The Sandhouse at 1101-A The Embarcadero. The Term of the Lease is three (3) years, from February 15, 2000 through February 14, 2004 at a base rent of $2,448.75 per month, subject to annual CPI adjustments.

Shortly after signing, the owner's health went into decline. In addition, as a consequence of the recent economic downturn, the tenant's business virtually disappeared. He has asked to terminate the Lease. Throughout our negotiations, Mr. Sugarman has kept his rent current. Mr. Sugarman's health continues to decline and he seeks quick and amicable relief from his economic crisis.

The Port could require Mr. Sugarman to honor the terms of the Lease. This course of action could result in, at best, an unlawful detainer action by the Port or, at worst a bankruptcy filing by Mr. Sugarman.

THIS PRINT COVERS CALENDAR ITEM NO. **4A**

The Port could require that Mr. Sugarman secure a third party willing to assume the Lease. Giving that current market rental rates for similarly situated properties are substantially lower than Mr. Sugarman's $3.75 per square foot, the likelihood of finding a new tenant to assume the Lease is problematic.

Either course of action could tie up the property for an extended period of time, with no reasonable expectation that the Port would collect on any potential judgement.

However, the termination of the Lease will permit the Port to join this relatively small, 653 square foot office with an adjacent and now vacant three office suite thereby creating a larger and more attractive four office suite of approximately 1,641 square feet. Port staff believes that this will result in a more marketable property.

PROPOSAL

Mr. Sugarman and the Port Real Estate Division staff have negotiated the terms of a lease termination agreement, whereby the Port would terminated Lease No. L-13045 effective retroactive to April 1, 2002. The Port's agreement to terminate the Lease is contingent upon Mr. Sugarman's delivery to the Port of a lease termination fee equal to three (3) months' rent ($7,346.25) of which two (2) months rent ($4,897.50) represents the security deposit for the Lease now on file with the Port.

RECOMMENDATION

Port staff recommends that the Port terminate Lease No. 13045 as of April 1, 2002 upon payment of a lease termination fee of $7,346.25. Port staff further recommends that the security deposit for Lease No. L-13056 be applied to the lease termination fee.

Prepared by: Claudia Davison, Property Manager

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-09

WHEREAS, Charter Section 3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control Port area of the City and County of San Francisco; and

WHEREAS, under Charter Section 3.581(g) leases granted and made by the Port should be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, on November 29, 2000, pursuant to Port Commission Resolution 93-1271, the Port Commission entered into Lease No. L-13045 (the "Lease") with Leon Sugarman and Associates affecting 635 square feet of office space at 1101 The Embarcadero; and

WHEREAS, Leon Sugarman has requested that he be relieved of further obligations under the terms of the Lease; and

WHEREAS, Leon Sugarman has agreed to enter into a Lease Termination Agreement whereby Mr. Sugarman agrees to deliver to the Port a lease termination fee of three (3) months rent ($7,346.25); and

WHEREAS, Port staff believes that the payment of the lease termination fee coupled with the likelihood that the Port would be unable to collect on any potential judgement obtained against Mr. Sugarman pursuant to the Lease provides the Port Commission with sufficient impetus to terminate the Lease; now therefore, be it

RESOLVED, that the San Francisco Port Commission hereby authorizes the Executive Director or his designee to terminate Lease No. L-13045 up receipt of the lease termination fee, such termination to be effective retroactive to April 1, 2002 consistent with the business terms set forth in the memorandum to the San Francisco Port Commission for Agenda Item 4A for the Port Commission meeting of April 23, 2002.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of April 23, 2002.

_____
Secretary

PARCEL A	=	653 S.F.
PARCEL B	=	988 S.F.
TOTAL AREA:		1,641 S.F.

EMBARCADERO

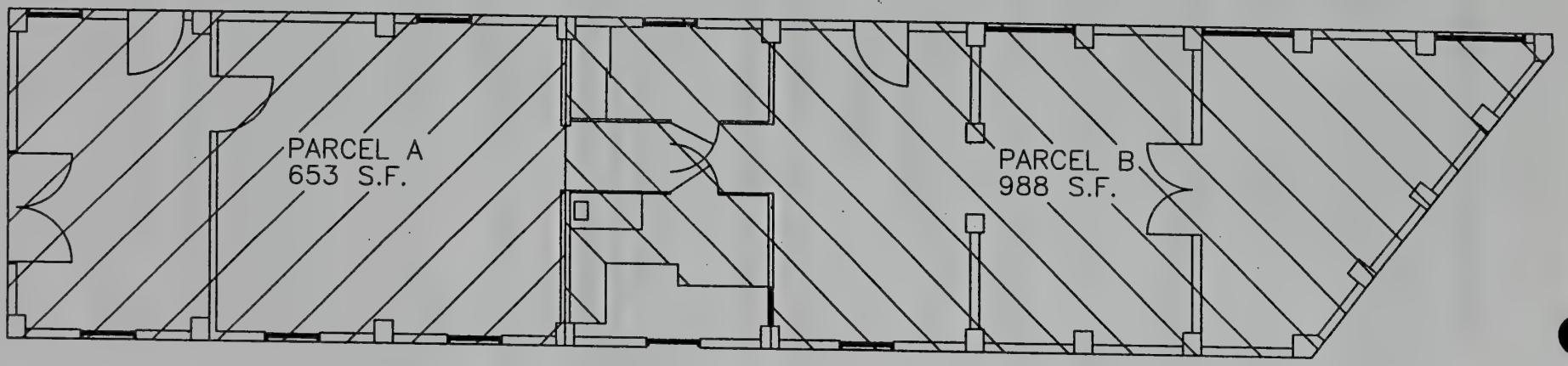


EXHIBIT A

INITIALS: PORT _____ TENANT _____

1101 EMBARCADERO – SANDHOUSE

LEASE NO. L-13045	SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO	TENANT: LEON SUGARMAN & ASSOCIATES	DRAWN BY: S. CHU; DATE: DEC. 6, 2000 CHECKED BY: ; SCALE: PLACE CODE NO. 3180-0-0000; SHEET NO. OF SHEETS

g:\Property Files\Lease Maps\EXHIBITS-BLDGS\RH2_SAND2

LEASE TERMINATION AGREEMENT

This Lease Termination Agreement (the "Agreement"), is dated for reference purposes only as of March 15, 2002 between the City and County of San Francisco, a municipal corporation ("City"), operating by and through the San Francisco Port Commission ("Port"), and Leon Sugarman, an individual, doing business as Leon Sugarman and Associates ("Tenant").

The parties enter into this Agreement on the basis of the following facts, intentions and understandings:

A. Port, as Landlord, and Tenant, entered into that certain Lease No. L-13045 dated for reference purposes only, as of November 29, 2000 ("Lease") for certain property located in the City and County of San Francisco, more particularly described in the Lease.

B. The Lease has a term of three (3) years, which commenced on February 15, 2001 and expires on February 14, 2004.

C. Port and Tenant desire to terminate the Lease prior to the expiration of the Term upon all of the terms and conditions hereinafter set forth.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Port and Tenant hereby agree as follows:

AGREEMENT

1. **Recitals**. The foregoing recitals are true and correct and are incorporated herein.

2. **Effective Date**. The effective date of this Agreement (the "Effective Date") shall be midnight, April 1, 2002.

3. **Termination Payment. In consideration of the early termination of the Lease, and as a condition precedent to the effectiveness of this Agreement, Tenant shall pay Port on or before the effective date hereof, an early termination payment in the amount of $7,346.25, of which $4,897.50 is represented by the retention by Port of the security deposit previously deposited by Tenant to Port pursuant to the Terms of the Lease.**

4. **Termination of Lease**. As of the Effective Date, subject to the terms of this Agreement, the Lease shall be fully and finally surrendered and terminated.

5. **Release**. For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, as of the Effective Date, Tenant and its successors and assigns releases and forever discharges Port, City and their officers, directors, employees, agents and contractors, successors and assigns, from any and all claims, demands, causes of action, obligations, breaches of contract, damages, costs, and liability that is now existing or hereafter arising, known or unknown, by virtue of any transaction or occurrence relating to the Lease. Tenant acknowledges that this release is an essential and material term of this Agreement and represents that in effecting and executing this Agreement it has received from its legal counsel advice as to its legal rights, and that such legal counsel has explained the terms of this release to Tenant. Tenant agrees that the foregoing release shall not be deemed or construed an admission of liability by Port, and Port expressly denies liability of any nature arising from or related to the subject of this release.

Tenant hereby agrees that the matters released herein are not limited to matters which are known or disclosed, and Tenant hereby specifically waives any rights that they may have under Section 1542 of the California Civil Code, which provides as follows:

A general release does not extend to claims, which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have affected his settlement with the debtor.

6. **Rent**. Tenant shall pay all Rent, taxes and other expenses required under the Lease through the Effective Date.

7. **Surrender**. As of the Effective Date, Tenant shall surrender possession of the Premises to Port in accordance with all terms and conditions of Section 26 (Surrender and Quitclaim) of the Lease. Nothing herein shall limit any of Tenant's obligations whether under law or the Lease with respect to the investigation or removal of hazardous materials and such obligations shall survive the termination of this Lease.

8. **Indemnification**. Tenant shall indemnify, defend (by counsel acceptable to Port) and hold Port harmless from and against any and all claims, liens, obligations agreements, liabilities, damages, losses, costs and expenses of any nature whatsoever, known or unknown, fixed or contingent, relating directly or indirectly to claims, under any legal theory or for any type of damage made by parties holding or claiming any interest in the Lease through Tenant.

9. **Quitclaim**. As of the Effective Date, Tenant shall quitclaim to Port all of Tenant's right, title and interest in and to the Premises, the Improvements and the Lease. Upon Port's request, Tenant agrees to execute, acknowledge and deliver to Port a Quitclaim Deed to such effect, in a form acceptable to Port.

10. **Representations and Warranties**. Tenant represent and warrants to Port that (a) the Lease is unmodified (except as provided herein) and in full force and effect and that Tenant has not prepaid Rent, (b) to the best of Tenant's knowledge, there are no uncured defects on the part of Port or Tenant, and (c) Tenant holds the entire interest of the tenant under the Lease and Tenant has made no assignments, sublease or other conveyances of all or any portion of any claim, demand obligation, liability or cause of action arising from the Lease.

11. **Attorneys' Fees**. If either party hereto brings an action or proceeding (including any cross-complaint or counterclaim) against the other party regarding the rights and obligations under this Agreement, the prevailing party in such action or proceeding shall be entitled to recover from the other party its costs and expenses of suit, including but not limited to reasonable attorneys' fees, which shall be payable whether or not such action is prosecuted to judgment. "Prevailing party" within the meaning of this Section 10 shall include, without limitation, a party who substantially obtains or defeats, as the case may be, the relief sought in the action, whether by compromise, settlement, judgment or the abandonment by the other party of its claim or defense. Attorneys' fees under this Section 10 shall include attorneys' fees and all other reasonable costs and expenses incurred in connection with any appeal. Reasonable fees of attorneys of the City's Office of the City Attorney shall be based on the fees regularly charged by private attorneys with an equivalent number of years of professional experience (calculated by reference to earliest year of admission to the Bar of any State) who practice in San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney.

12. **Successors and Assigns**. The terms, covenants and conditions herein contained shall be binding upon and inure to the benefit of the successors and assignees of the parties hereto.

13. **Authority**. The persons executing this Agreement on behalf of the parties hereto hereby warrant their authority to do so. The undersigned parties acknowledge that they have read this Agreement and fully understand all of its terms and execute this Agreement voluntarily and with full knowledge of its significance.

14. **Governing Law**. This Agreement shall be construed and interpreted in accordance with the laws of the State of California.

15. **Entire Agreement**. The parties intend that the terms of this Agreement shall be the final expression of their agreement with respect to the subject matter hereof and may not be contradicted by evidence of any prior or contemporaneous agreement. The parties further intend that this Agreement shall constitute the complete and exclusive statement of terms and that no extrinsic evidence whatsoever may be introduced in any judicial, administrative, or other legal proceeding.

16. **Waiver of Relocation**. Tenant hereby waives any and all rights, benefits or privileges of the California Relocation Assistance Law, California Government Code §7260 et seq., and the Uniform Relocation Assistance and Real Property Acquisition Policies Act, 42 U.S.C. §4601 et seq., or under any similar law, statute or ordinance now or hereafter in effect.

17. **Time of the Essence**. Time is of the essence with respect to all provisions of this Agreement.

18. **Counterparts**. For convenience, the signatures of the parties to this Lease may be executed and acknowledged on separate pages which, when attached to this Lease, shall constitute this as one complete Lease. This Lease may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same Lease.

\\\
\\\
\\\
\\\
\\\

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

PORT:

THE CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, operating by and through the SAN FRANCISCO PORT COMMISSION

By_____
Theresa M. Picon
Director, Real Estate

Date:_____

TENANT:

LEON SUGARMAN, an individual, doing business as LEON SUGARMAN AND ASSOCIATES

By_____
Leon Sugarman

Dated:_____

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By_____
Deputy City Attorney

\\PACIFICA\USERS\TENANT\Lease Termination 2002\Leon Sugarman L-13045\qy.doc

PORT OF SAN FRANCISCO

MEMORANDUM

April 18, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Denise McCarthy
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Request to Terminate Lease No. L-12892 with Studio Impact, Inc., D.B.A. 300 Feet Out affecting offices at Pier 9 (The Embarcadero at Vallejo Street)

DIRECTOR'S RECOMMENDATION: TERMINATE LEASE NO. L-12892

BACKGROUND

On March 22, 2000, the Port of San Francisco entered into Lease No. L-12892 (the "Lease") with Studio Impact, Inc., d.b.a. 300 Feet Out (a reference to their offices' being located 300 feet out Pier 9 from the Embarcadero). The Lease affected 4,009 square feet in two non-contiguous spaces at Pier 9: Suite 114 consisting of 2,279 square feet of improved multi-level office space on the south side of the pier; and Suite 117-119 consisting of 1,729 square feet of unimproved enclosed shed space on the north side of the pier. The term of the Lease was for five (5) years commencing April 1, 2000 and terminating on March 31, 2005.

The corporation's majority founder has relocated and relinquished his interest in the business. As a result of the recent economic downturn, the remaining minority owner's business has virtually disappeared and she is behind in her rent. Bankruptcy is a real possibility. The only real asset of the corporation is this individual's talent. She has sought another tenant to assume the obligations of her lease, but has given written notice and vacated the premises on March 31, 2002.

THIS PRINT COVERS CALENDAR ITEM NO. **4B**

The tenant attempted to find another party to assume the Lease. In fact the tenant did introduce the Port to a prospective assignee of the Lease, a real estate development firm, SLSM, LLC. (SLSM). However, SLSM is prepared only to lease Suite 114 and has no need for or interest in Suites 117-19.

Port Real Estate staff has determined that the most viable approach to this situation would be to (1) terminate Lease No. L-12892; (2) enter into a new direct lease with SLSM for Suite 114 on terms and conditions consistent with Port Commission approved guidelines and (3) seek a market rate tenant for Suites 117-19.

A qualified applicant, SLSM, LLC, a real estate developer, has offered to rent Suite 114 at $6,345.42 per month ($2.78 per square foot). The Commission's Minimum Net Effective Rental Rate is $2.63 per square foot. The new tenant will pay a security deposit equal to four (4) months rent and guarantee completion of the façade improvements of Suite 114 at its expense as well as the ADA upgrade to the restroom in Suite 114 which had been required under the terms of the Studio Impact lease. After the work is satisfactorily completed, their security deposit will be reduced to the standard two (2) months rent. Port staff has evaluated SLSM, LLC and finds it to be a qualified tenant.

SLSM, LLC was created in 1995 to buy, rehabilitate and hold tax credit apartments. Since that time, the company has bought, rehabilitated and continues to own over $80 million in tax credit developments. These apartments range in size from 64 to 266 units and include one, two, three and four bedroom townhouse and garden style units. All were formerly Section 236 or project-based Section 8 developments. SLSM, LLC was one of the first developers to successfully transition a Section 236 project with project-based Section 8 contracts to a tax credit project without the need of local funds. In addition, SLSM, LLC was one of the first developers to preserve an affordable project by combining HUD Interest Reduction Payments with tax-exempt bonds and federal tax credits. The principals of SLSM, LLC are Scott Lefaver and Stephen Mattoon.

OPTIONS

(1) The Port can attempt to hold Studio Impact, Inc, d.b.a. 300 Feet Out to its lease while the Port seeks a replacement tenant for both premises. However, this will most likely result in bankruptcy proceedings which, according to Port Legal staff, has the potential to tie the space up for a year or longer with no rent and little hope of any rent recovery after the settlement.

(2) Alternatively, the Port can lease Suite 114 to SLSM, LLC and seek another tenant for Suite 117-9. The potential for finding a replacement tenant is good, as space over the water is highly desirable. There is no Port Commission approved minimum net effective rental rate for semi-improved space such as Suite 117-9. The tenant improved the space by installing heating and carpeting, but there are no restrooms. Electrical outlets and façade improvements would be required as part of occupancy. Port staff believes that a rent of $2.00/square foot for Suite 117-9 reflects the current market and at that rate, would be attractive to prospective tenants. This would result in a net loss to the Port of $1,365.88 per month. However, the Port will have replaced a potential bankrupt with a financially more secure tenant, SLSM. Additionally, the

Port will regain complete control over Pier 9, Suites 117-19 with the likelihood that a more viable tenant will be in the offing.

Studio Impact, Inc., d.b.a. 300 Feet Out and the Port Real Estate Division staff have negotiated the terms of a Lease Termination Agreement whereby the Port would terminate Lease No. L-12892 effective retroactive to April 1, 2002. The Port's agreement to terminate the Lease permits the Port to retain the $15,601.44 security deposit now on file with the Port.

RECOMMENDATION

Port staff recommends that the Port Commission approve terminating Lease No. L-12892 with Studio Impact, Inc., d.b.a. 300 Feet Out effective retroactive to April 1, 2002. The tenant's $15,601.44 security deposit on file with the Port will be retained as the lease termination fee.

Prepared by: Claudia Davison, Property Manager

\\PACIFICA\USERS\TENANT\AGENDAS 2002\300 Feet Out\qy.doc

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-10

WHEREAS, Charter Section 3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control Port area of the City and County of San Francisco; and

WHEREAS, under Charter Section 3.581(g) leases granted and made by the Port should be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, on March 22, 2000, pursuant to Port Commission Resolution 93-1271, the Port Commission entered into Lease No. L-12892 (the "Lease") with Studio Impact, Inc., d.b.a. 300 Feet Out for 4,009 square feet of office and enclosed shed space at Pier 9 (The Embarcadero at Vallejo Street); and

WHEREAS, Studio Impact, Inc.; d.b.a. 300 Feet Out has requested that it be relieved of further obligations under the terms of the Lease; and

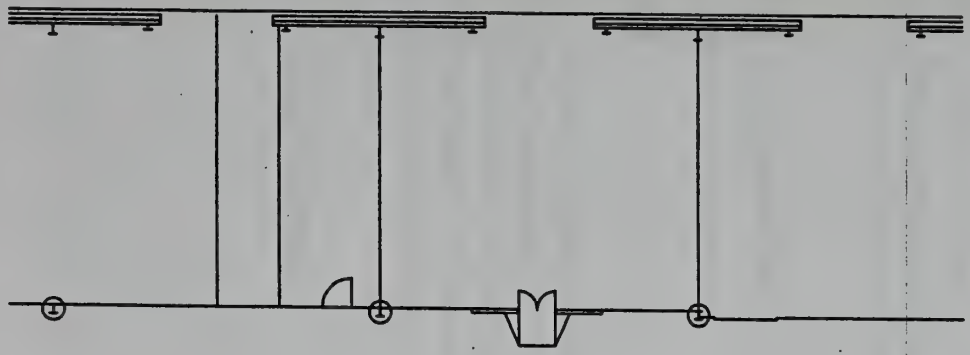
WHEREAS, Studio Impact, Inc., d.b.a. 300 Feet Out has agreed to enter into a Lease Termination Agreement whereby Studio Impact, Inc., d.b.a. 300 Feet Out agrees to deliver to the Port a lease termination fee of two (2) months rent ($15,601.44); and

WHEREAS, Port staff believes that the payment of the lease termination fee coupled with the likelihood that the Port would be unable to collect on any potential judgement obtained against Studio Impact, Inc., d.b.a. 300 Feet Out pursuant to the Lease provides the Port Commission with sufficient impetus to terminate the Lease; now therefore, be it

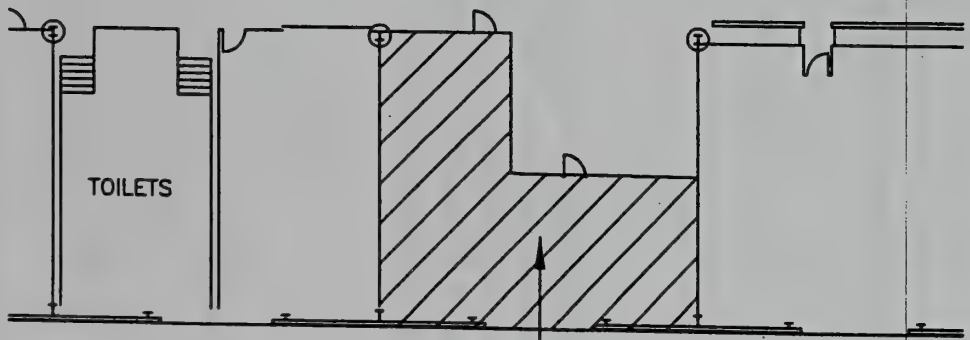
RESOLVED, that the San Francisco Port Commission hereby authorizes the Executive Director or his designee to terminate Lease No. L-12892 up receipt of the lease termination fee, such termination to be effective retroactive to April 1, 2002 consistent with the business terms set forth in the memorandum to the San Francisco Port Commission for Agenda Item 4B for the Port Commission meeting of April 23, 2002.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of April 23, 2002.

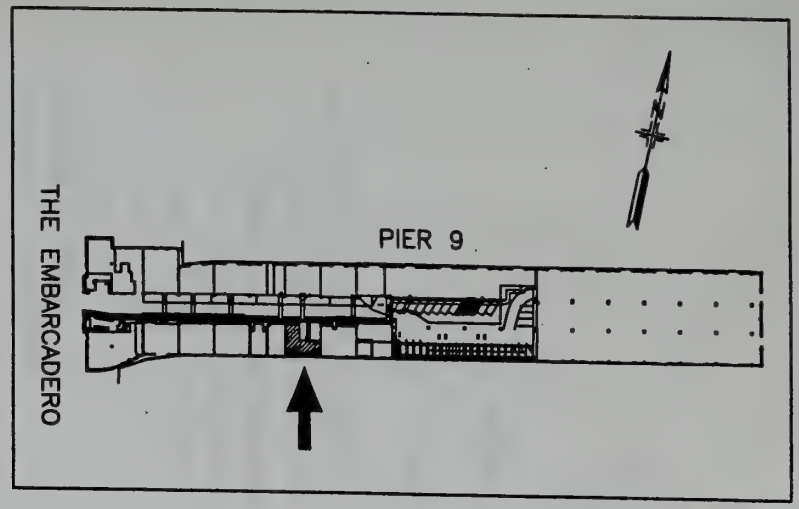
_____
Secretary



PIER 9



IMPACT DESIGN
FIRST FLOOR = 1,235 S.F.
MEZZANINE = 1,044 S.F.
TOTAL AREA = 2,279 S.F.



LOCATION PLAN

EXHIBIT A

INITIALS: PORT_____ TENANT_____

LEASE NO.	SAN FRANCISCO PORT COMMISSION	TENANT:	DRAWN BY: S. CHU	DATE: MARCH 19, 2002
L–	PORT OF SAN FRANCISCO	IMPACT DESIGN	CHECKED BY:	SCALE:
			PLACE CODE NO. 1090-0-0000	SHEET NO. OF SHEETS

g:\Property Files\Lease Exhibits\EXHIBITS-PIERS\P09Impact

PORT OF SAN FRANCISCO

MEMORANDUM

April 18, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Brian McWilliams
Hon. Denise McCarthy
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Request for Approval of Memorandum of Understanding between the Port and the Department of Public Works for the purpose of occupying Port property for the rehabilitation of the 4th Street Bridge and approach roadway.

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION

Background

The Peter R. Maloney Fourth Street Bridge ("Bridge"), owned by the City and under the jurisdiction of the Department of Public Works ("DPW"), is located on Fourth Street between Berry and Channel Streets. DPW is undertaking the repair, rehabilitation and seismic retrofitting of the Bridge. The primary purpose of the rehabilitation is to enhance the Bridge with new light rail tracks and a catenary system for the Third Street Light Rail System now under construction.

Need for Access to Port Property

DPW desires to access property ("Port Property") adjacent to the Bridge and under the jurisdiction of the Port as more particularly identified on Exhibit A of the proposed Memorandum of Understanding ("MOU") attached hereto as Attachment A. DPW requires access to Port Property in order to perform certain aspects of their project as described below and on Exhibit B of the attached MOU ("Port Property Work"):

This Print Covers Calendar Item No. **5A**

1. Provide temporary shoring of the cantilevered edge of Wharf 60 where it abuts the Bridge approach structure to support the vertical load of the wharf during demolition and construction of the Bridge's south approach.
2. Temporarily disconnect the utility services and means of ingress and egress to Port tenant Carmen's Restaurant while the Bridge's south approach structure is being reconstructed.
3. Construct a bracket beam as part of the south approach structure to support the cantilevered portion of the wharf.
4. Reconnection of utility services and means of ingress and egress to Port tenant Carmen's Restaurant at the completion of the Bridge work.

Impact to Port Tenant

The Port leases that portion of the Port Property described on Exhibit C of the attached MOU for restaurant purposes to Carmen Solis ("Restaurant Property"). This lease is dated as March 23, 1988 and is for a month-to-month term. For the duration of the Bridge project, the Restaurant Property will be required to vacate their lease premises.

DPW will provide relocation assistance in accordance with the federal Uniform Relocation Assistance and Real Properties Acquisitions Act of 1970 to ensure adequate relocation of the Restaurant Property. Under the Act, the Restaurant Property tenant is entitled to either relocation benefits or a settlement based on moving costs, salvage value or an average of the past two years profit and loss statements.

Per the proposed MOU, DPW shall provide Port ninety (90) days prior written notice requiring Port to cause the Restaurant Property to be vacated and remain vacant until the expiration of the proposed MOU. DPW shall be responsible for all reasonable costs incurred by Port in vacating the Restaurant Property including attorney's fees and tenant relocation costs.

Term of Proposed MOU

The term of the MOU shall commence when DPW provides Port at least thirty (30) days prior written notice of their intention to begin the Port Property Work. The MOU shall expire on the earlier of the completion of the Port Property Work or December 31, 2003, subject to reasonable extension if the Port Property Work is not completed by such date.

Compensation to Port

DPW shall pay the Port $500.00 per month which is equal to the rent the Port would otherwise receive from the affected Port tenant, Carmen Solis.

California Environmental Quality Act ("CEQA")

DPW has received a CEQA Categorical Exemption under Class 1 and 2 for the repair, maintenance and seismic reconstruction of existing public structures and facilities; replacement or reconstruction of existing structures or facilities as shown in a letter dated June 26, 2001 attached hereto as Attachment B.

Request for Port Commission Authorization

The Port Commission is being asked to authorize the Executive Director to execute the attached MOU with DPW for use of Port property adjacent to the Peter R. Maloney Fourth Street Bridge, and to adopt certain findings under the California Environmental Quality Act with regard to the Environmental Impact Report.

Prepared by: Phil Williamson, Senior Property Manager

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-11

WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control Port area of the City and County of San Francisco; and

WHEREAS, The Department of Public Works ("DPW") is presently undertaking the repair, rehabilitation and seismic retrofitting of the Peter R. Maloney Fourth Street Bridge ("Bridge") in order to enhance it with new light rail tracks and a catenary system for the Third Street Light Rail System now under construction; and

WHEREAS, Port staff has negotiated the terms and conditions for DPW's proposed use of the Port Property, which have been incorporated into a Memorandum of Understanding (MOU) between the Port and DPW, the terms of which are set forth in the Memorandum of Agenda Item 5A for the Port Commission meeting of April 23, 2002; now, therefore, be it

RESOLVED, that the San Francisco Port Commission, hereby approves the Memorandum of Understanding upon the terms and conditions set forth in the Memorandum of Agenda Item 5A for the April 23, 2002 Port Commission meeting, and authorizes the Executive Director to execute the Memorandum of Understanding in such final form as is approved by the City Attorney; and be it further

RESOLVED, that the Port Commission authorizes the Executive Director, in consultation with the City Attorney, to take all such further action, including executing further documents or assurances necessary to implement the intent of this Resolution.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of April 23, 2002.

_____
Secretary

MEMORANDUM OF UNDERSTANDING M-13284

This Memorandum of Understanding ("MOU"), dated for reference purposes only as of _____, 2002 is by and between the SAN FRANCISCO PORT COMMISSION (the "Port"), an agency of the City and County of San Francisco ("City") and the City's DEPARTMENT OF PUBLIC WORKS ("DPW").

RECITALS

THIS MOU is made with reference to the following facts and circumstances:

A. The Fourth Street Bridge, owned by the City and under the jurisdiction of DPW, is located on Fourth Street between Berry and Channel Streets (the "Bridge"). DPW proposes to perform certain work in order to seismically retrofit and rehabilitate the Bridge (the "Work").

B. DPW desires to access property adjacent to the Bridge and under the jurisdiction of the Port, as more particularly identified on Exhibit A attached hereto (the "Port Property"), in order to perform certain aspects of the Work as set forth more particularly on Exhibit B attached hereto (the "Port Property Work").

C. The Port leases a portion of the Port Property, more particularly identified on Exhibit C attached hereto (the "Restaurant Property") for restaurant purposes pursuant to a month- to month Lease Agreement dated as of March 23, 1988, by and between the Port and Carmen Solis (the "Restaurant Lease").

D. This MOU sets forth below the terms and conditions under which DPW and the Port have agreed to allow DPW to enter onto the Port Property to perform the Port Property Work, and the terms under which the Port shall vacate the Restaurant Property so that DPW may perform the Work.

E. By Resolution No. _____, the Port Commission approved the terms of this MOU and the transactions contemplated hereby.

F. The Work and this MOU are subject to (a) environmental review of the Work and the expiration of any appeal period without the filing of an appeal or if an appeal is filed, the final resolution of such appeal, (b) the public review process and, (c) all required governmental approvals. In a project such as the Work, the City retains the absolute discretion before taking action on the Work by the Board of Supervisors, the Planning Commission, the Port Commission or any other board or commission having jurisdiction over the Work, to (i) make such modifications to the proposed terms hereof and to the proposed Work that are deemed necessary to mitigate significant environmental impacts; (ii) select other feasible alternatives to avoid such impacts; (iii) balance the benefits against unavoidable significant impacts prior to taking final action if such significant impacts cannot otherwise be avoided; or (iv) determine not to proceed with the Work.

ATTACHMENT A

In light of the foregoing, DPW and the Port hereby agree as follows:

1. **Recitals.** The foregoing recitals are true and correct and are incorporated herein by this reference.

2. **Property.** The Port hereby gives DPW the right to use and occupy the Port Property, as shown in Exhibit A attached hereto and made a part hereof for purposes of performing the Port Property Work.

3. **Effective Date.** The effective date of this MOU ("Effective Date") shall be _____, 2002.

4. **Term.** The term of this MOU ("Term") shall commence on the date identified in a written notice (the "Start Notice") given by DPW to Port at least 30 days prior to the commencement of the Port Property Work (the "Commencement Date"). DPW shall also give Port at least 30 days prior written notice of the commencement of the Work. Notwithstanding the foregoing, if DPW has not commenced the Port Property Work within 45 days after the Start Notice, then this MOU shall terminate unless extended by the parties in writing. The term of this MOU shall expire on the earlier of (i) completion of the Port Property Work, evidenced by a written Completion Notice submitted to Port by DPW promptly upon actual completion of the Port Property Work, or (ii) December 31, 2003, subject to reasonable extension if the Port Property Work has not been completed by such date.

5. **Vacation of the Restaurant Lease.** In connection with the Work, upon ninety (90) days prior written notice from DPW to the Port, the Port shall cause the Restaurant Property to be vacated and remain vacant until the expiration of the Term hereunder. If the tenant under the Restaurant Lease does not vacate the Restaurant Property within such ninety day period, Port shall immediately take all necessary steps to remove the tenant from the Restaurant Property, including, without limitation, the commencement and prosecution of an unlawful detainer action. DPW shall be responsible for all reasonable costs incurred by Port in vacating the Restaurant Property, including attorneys' fees and tenant relocation costs, if any, and shall pay such amounts to Port within 30 days of demand.

6. **Consideration.** In consideration for the use of Port property hereunder, DPW shall pay the Port $500.00 per month (the "Work Fee") in advance commencing on the date that the Restaurant Property is actually vacated (the "Vacation Date") through the Termination Date hereof (the "Work Fee Payment Term"). If the Vacation Date is on a day other than the first day of a month or the Term ends on a day other than the last day of a month, then the monthly Work Fee installment for such fractional month shall be prorated on a daily basis based upon the number of days in such month.

7. **Non-Interference.** Port shall have the right to use and enjoy the Port Property except when such use interferes with the Port Property Work or the Work and the rights and privileges granted DPW hereunder.

8. **Restrictions on Use; Compliance with Law.** DPW shall not use or permit the Property, or any part thereof, to be used for any purposes other than the purposes set forth in Paragraph 2 of this MOU. DPW, at DPW's expense, shall comply with all laws, regulations and requirements of Federal, state, county and municipal authorities, now in force or which may hereafter be in force, including compliance with the BCDC Permit and any other Regulatory Approvals, and all laws relating to Hazardous Materials, which impose any duty upon DPW with respect to the use, occupation or alteration of the Property.

9. **Maintenance.** Any damage caused by installation, maintenance, repair or any other activity of DPW permitted hereunder shall be repaired and restored to its prior condition upon completion of the installation, maintenance, repair or other activities at no cost to Port.

10. **Insurance.** DPW shall require any subtenant or any agent, or any contractor or subcontractor it hires in connection with its use of the Property, to secure such insurance as is recommended by the City Risk Manager and approved by Port. The Port shall be included as an additional insured in any such insurance.

11. **Indemnification.** DPW shall include the Port as an Indemnified Party in any indemnification provision between DPW and any subtenant or any agent, or any contractor or subcontractor it hires in connection with its use of the Port Property.

12. **Damages.** Without limiting DPW's payment obligations under paragraphs 5 and 6 hereof, it is the understanding of the parties that Port shall not expend any funds due to or in connection with DPW's use of the Port Property. Therefore, DPW agrees to be responsible for all costs associated with all claims, damages, liabilities or losses which arise (i) as a result of the handling of Hazardous Materials on or about the Port Property by DPW, its agents or invitees, and its contractor's assignees or sublessees, or (ii) out of any injury or death of any person or damage of any property occurring in, on or about the Port Property which arise as a result of DPW's, or its agents' or invitees', and its contractor's assignees' or sublessees', act or omission. The foregoing obligation of DPW shall survive the termination of this MOU. As used herein, "Hazardous Materials" shall mean any substance, water or material which has been determined by any state, federal, or local government authority to be capable of posing a risk of injury to health, safety or property.

13. **Notices.** All notices, demand, consents or approvals which are or may be required to be given by either party to the other under this MOU shall be in writing and shall be deemed to have been fully given when delivered in person to such representatives of City, Port and DPW as shall from time to time be designated by the

parties for the receipt of notices, or when deposited in the United States mail, postage prepaid, and addressed,

if to City to:

Real Estate Department
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102
Attn: Director of Property

and if to Port to:

Director of Real Estate
San Francisco Port Commission
Pier 1
San Francisco, CA 94111

and if to DPW to:

Saed Toloui
Department of Public Works
Bureau of Engineering
30 Van Ness Avenue, 5th Floor
San Francisco, CA 94102

or such other address with respect to any party as that party may from time to time designate by notice to the other parties given pursuant to the provisions of this Paragraph.

14. **Default by DPW.** Failure of DPW to perform any provision of this MOU if the failure to perform is not cured within thirty (30) days after notice has been given by Port or City to DPW shall constitute a default by DPW. If the default cannot reasonably be cured within thirty (30) days, DPW shall not be in default of this MOU if DPW commences to cure the failure within such thirty (30) day period and diligently and in good faith continues to cure the failure. Upon default by DPW, Port or City shall, without further notice or demand of any kind to DPW or to any other person, have the ability to terminate this MOU and DPW's right to possession thereof.

15. **Cooperation.** Subject to the terms and conditions of this MOU, the Port and City agree to use its best efforts to do, or cause to be done, all things reasonably necessary or advisable to carry out the purposes of this MOU and DPW's use of the Property contemplated hereby as expeditiously as practicable, including, without limitation, performance of further acts and the execution and delivery of any additional documents.

16. **Successors.** The terms, covenants, agreements and conditions set forth in this MOU shall bind and inure to the benefit of the Port and DPW, and their successors and assigns, including any entities that succeed to their respective obligations under applicable law.

17. **Counterparts.** This MOU may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF the Port and DPW have caused this MOU to be executed by their duly appointed representatives as of the date first above written.

SAN FRANCISCO PORT COMMISSION

By: _____

DOUGLAS F. WONG
Executive Director, Port of San Francisco

Dated: _____, 200_2

SAN FRANCISCO DEPARTMENT OF PUBLIC WORKS

By: _____

Director

Dated: 4/17/, 200_2

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____

Deputy City Attorney

Port Commission Resolution No.

_____

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____

Deputy City Attorney

EXHIBIT A

The Port Property

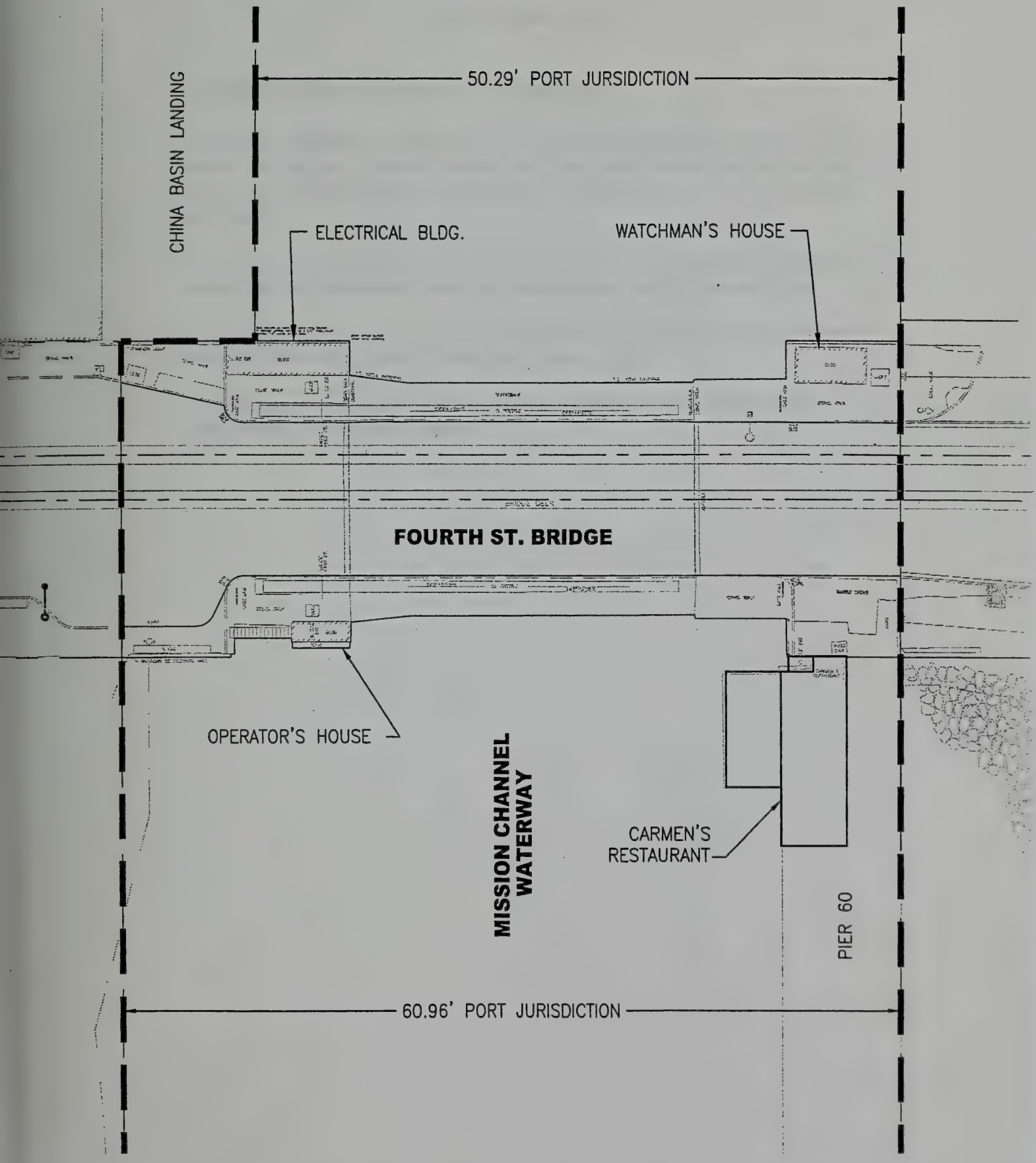


EXHIBIT B

The Port Property Work

The Port Property Work consists of the following:

1. Providing temporary shoring of the cantilevered edge of Pier 60 where it abuts the bridge approach structure to support the vertical load of the pier during the demolition and construction of the bridge's south approach structure;

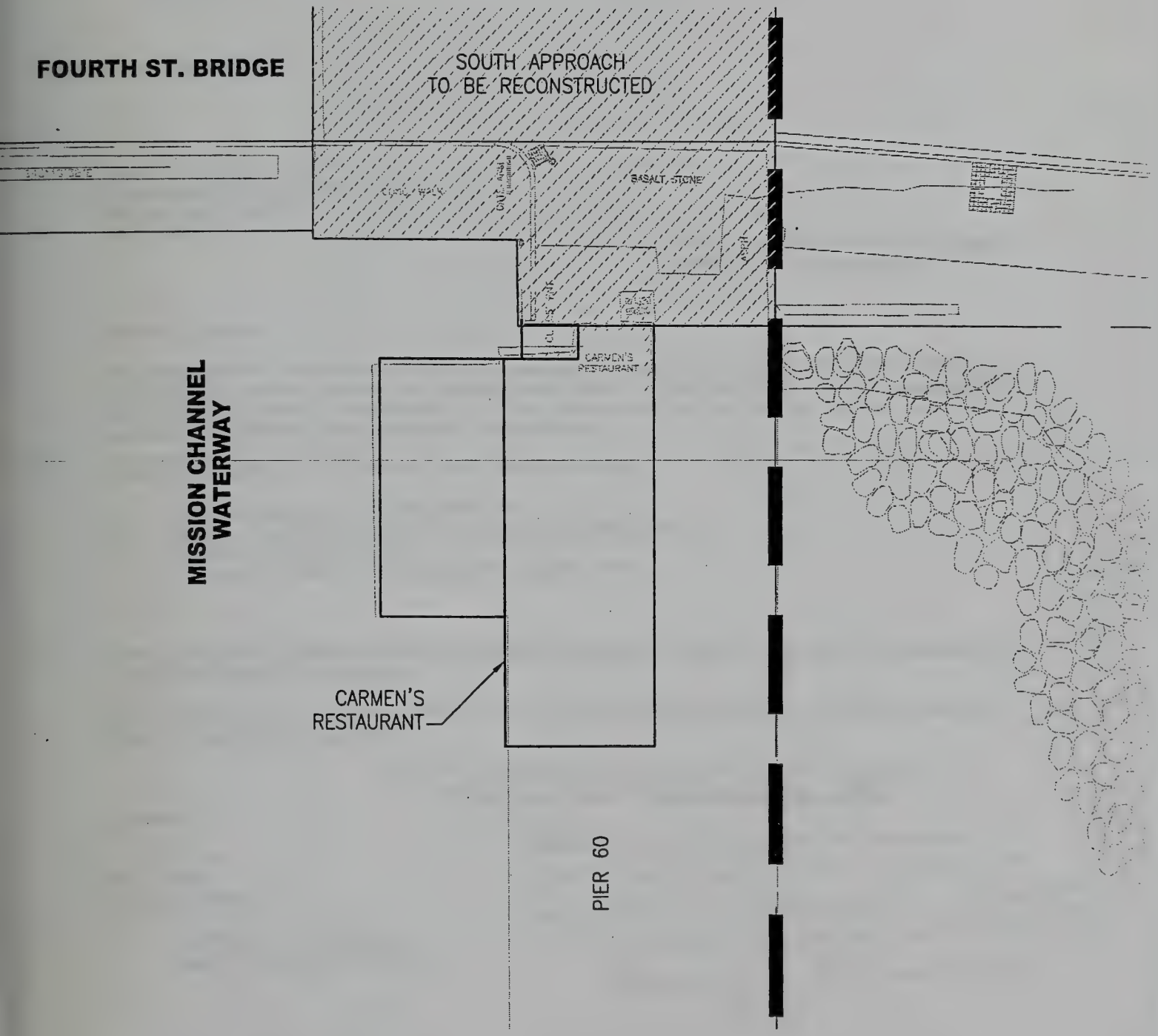
2. Temporary disconnection of utility services to the Restaurant Property while the bridge's south approach structure is being reconstructed;

3. Constructing a bracket beam as part of the south approach structure for the cantilevered portion of the pier to rest; and

4. Reconnection of utility services to the Restaurant Property at the completion of the bridge work.

EXHIBIT C

The Restaurant Property



City and County of San Francisco

(415) 558-4011
FAX (415) 558-4519
http://www.sfdpw.com

Department of Public Works
Project Management Division
30 Van Ness Avenue, 5th Floor
San Francisco, CA 94102-6020

Willie Lewis Brown, Jr., Mayor
Edwin M. Lee, Director

June 25, 2001

Darwin Helmuth
Department of City Planning
30 Van Ness Ave.4th floor
SF CA 94127

Re: CEQA Exemption Request for Seismic Upgrade of the 4th Street Bridge

Dear Mr. Helmuth:

The Department of Public Works (DPW) is completing design seismic up grade on the 4th Street Bridge. The project consists of replacing and repairing steel girders rebuilding the north and south approach and replacing the overhead counterweight. The new counterweight will be in a pit as part of the north approach. See attached project description and drawings.

I have enclosed the following items to assist you in your review:

- Location Map delineating the project site
- Site plans and elevations of the existing and proposed bridge
- Natural Environment Study
- Draft Joint Aquatic Resources Permit Application Form

DPW is requesting a CEQA categorical exemption under class 1 and 2 for the repair, maitenenace and seismic reconstruction of the bridge.

I have attached a journal entry request for $68.00 to cover the CEQA exemption. You can contact me at 558-4011 if you have any questions.

SAN FRANCISCO DEPARTMENT OF CITY PLANNING
CATEGORICALLY EXEMPT FROM ENVIROMENTAL REVIEW

CLASS 1- repair/maintenance of existing public structures & facilities; replacement or reconstruc of existing structures or facilities

Darwin H. Helmuth
6/26/01

Sincerely,

Frank Filice
Principal Analyst

c: Pat Rivera Project Manager
Saed Toloui Project Manager

PORT OF SAN FRANCISCO

MEMORANDUM

April 17, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Brian McWilliams
Hon. Denise McCarthy
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Informational Briefing on Status of Engineering & Maintenance Projects

DIRECTOR'S RECOMMENDATION: NO ACTION REQUIRED.

Attached are Project Summary Reports for projects currently being managed by Engineering & Maintenance Division staff. Engineering & Maintenance's lead staff member for each project is indicated in **bold**. A Summary Schedule, which is attached at the end of this report, shows the major milestones for each project.

Prepared by: Alex Lee, Director
Engineering & Maintenance

This Print Covers Calendar Item No. **6A**

Fisherman's Wharf Harbor Master Office

PROJECT STAFF

Mansur Niufar, Engineering, Architect
Skip Zeller, Engineering, Mechanical Engineer
Tom Bauer, Engineering, Civil Engineer
Tom Meisenbach, Maintenance
Mabal Bhat, Engineering, Electrical Engineer
Leo Bragagnolo, Engineering, Construction Manager

PROJECT DESCRIPTION

Blue Shed at Hyde Street Harbor is a 5000 sq.ft. metal building that was used fish processing. The age of the Building and the moisture has caused irreparable damage to the metal roof, metal sidings, roof purlins and other structural members supporting the walls. Only the main steel columns and beams can be saved provided some structural repair at the base of columns. Project started with a plan for use of the interior space for Harbor Master Office, Police Department offices, Real Estate and Port Maintenance Storage space to be constructed by the Port Maintenance staff. But, all this could not be accommodated with the deteriorated condition of the building; a major reconstruction of the building itself, a work that has to be done by outside contractors. Now the project consists of two parts:
Part one consist of preparing construction document for the shell of the building and substructure for bidding by outside contractors and,
Part two consist of preparing plan for construction documents for the interior offices to be built by the Port's Maintenance staff.

STATUS

Port of San Francisco Engineering Department is developing architectural, structural, and related electrical and mechanical drawings for competitive bidding.

PROJECT COST

Estimated cost for the repair work of the Part one is $ 180,000.00.

SERVICE PROVIDER

Port of San Francisco Engineering Department

SCHEDULE MILESTONE

Study of existing substructure and analysis of pier system with the help of the Port Maintenance Department.

Preparing Architectural Plans and working drawings:	30 May 02
Preparing Technical Specifications:	30 June 02

PIER 45 – SHED C – DEVELOPMENT

PROJECT STAFF

Tom Meisenbach, Maintenance
Kirk Bennett, Planning & Development
Nita Mizushima, Engineering, Chief Harbor Engineer
John Zoranovich, Engineering, Project Architect
Mojgan Yousefkhan, Engineering, Project Support
Carol Anderson, Real Estate
Michael Nerney, Maritime
Jay Ach, Environmental
Larry Brown, Finance

PROJECT DESCRIPTION

Provide architectural and engineering up-grades to the shell of Shed C to permit leasing and development by the tenants for fish processing and other activities related to the fishing industry and maritime operations associated with Pier 45 and the Fisherman's Wharf area.

Three other design efforts are being coordinated with this project: accessibility work for all of Pier 45; aprons repair; and storm water and drainage collection and disposal system for a Pier 45"s west apron along side sheds B and D. These projects will be funded separately.

STATUS

The project is in design development phase. Fisherman's Wharf Waterfront Advisory Group (FWWAG) approved the schematic design for the project in October 2001. The selected scheme was the result of a long process beginning with surveys of Port tenant fish processors and culminating with a meeting between Port design staff and perspective tenants for Shed C who are currently doing business out of Piers 28 and 33. The Port is currently working with the community to incorporate their input into the project. The 50% Design Development package was issued in December 2001. The design team will hold a monthly cross functional meeting to provide all Port divisions an opportunity to review design and comment, and express their needs. The Port will receive $1,500,000 in grant funding from California Trade and Commerce Agency. In addition, funding for the design and construction of this project in the amount of $4,450,000 is included in the approved capital plan amendment for 2001-2002.

PROJECT COST

The estimated cost of construction for this project is about $6.3 million. Once the community input has been incorporated, the project cost will be reconsidered

CONSULTANTS

Kahn & Associates for architectural services. Port staff with assistance from BOA & DPW are the primary designers.

SCHEDULE MILESTONES

July, 2002	Anticipated Design Completion Date
September 2002	Anticipated Construction Start Date
July, 2003	Anticipated Construction Completion Date

Pier 35 Gallery Repairs

PROJECT STAFF

Kevin Jensen, Architect
Thomas Bower, Engineer
Denise Turner, Wharfinger
Carl Baker, Ironworker Supervisor
Gary Silvestri, Fusion Welder
Tom Butler, Carpenter Supervisor
Charles Piazza, Sheet Metal Supervisor
Jim Elbing, Electrician Supervisor

DESCRIPTION

During November 1996 Port staff determined that there was extensive wood rot at the exterior columns, roof beams and truss frames at the second floor level open gallery in the Pier 35 Passenger Terminal. Since that time most of the columns and trusses have been structurally repaired with a steel column and bracing system which seems to be working adequately; however, wood rot seems to be spreading into the most exterior beams and columns due to their exposure to the elements and leaking skylights. This project will remove the leaking skylights and replace them with a continuous roof deck and new shingle roofing to match the existing roof. Other work includes repairs to the remaining columns and trusses, replacing the rotted roof beams with steel, and weather proofing the new system with an improved architectural façade and installing deck coating curbs around the column penetrations. The finished project should improve the safety, aesthetics and weather resistance of the gallery area.

STATUS

Port staff is preparing structural and architectural plans and specifications for maintenance to use during construction.

APPROVALS

No permits are required for this project.

PROJECT COST

TBD – Maintenance to perform work.

SCHEDULE MILESTONES

April 2002	Finish set of plans
May 2002	Demolition
June 2002	Begin Construction
October 2002	Finish Construction

PIER 23 CAFÉ TEMPORARY SUBSTRUCTURE REPAIR

Project Staff

Uday Prasad, Engineering, Project Engineer
Carol Anderson, Real Estate
Ed Bubnis, Engineering, Chief Building Inspector
Guadalupe Thomas, Maintenance

PROJECT DESCRIPTION

Port Engineering and Structus, a structural engineering consultant, determined that the Pier 23 Café substructure is in poor structural condition and requires repair to continue Café operations past December 31, 2002. This project constructs approximately 3000 sf of temporary shoring needed to stabilize the substructure to permit occupancy of the Café for 7 more years, through December 31, 2009. The temporary repair includes a steel beam shoring system supported by the existing concrete piles. The steel shoring will be used to provide support to the existing, deteriorated concrete beams and girders. It will also be used to support shoring of the existing slab. Port Maintenance will install the shoring and the Café may remain in operation through the repair.

Status

The repair design is complete and Maintenance has procured approximately 50% of the repair materials.

Project Cost

Will be performed by Maintenance and will be funded by the Capital Budget.

Service Provider

Structus has developed the repair documents with Port Engineering oversight and Port Maintenance is constructing the repair.

Schedule Milestones

Determination Repairs Required	October 12, 2001
Design Complete	February 4, 2002
Repairs Started	February 21, 2002
Final Completion	November 2002

PIER 19 NORTH APRON REPAIR

Project Staff

Ed Byrne, Engineering, Project Engineer
Guadalupe Thomas, Maintenance, Construction Manager
Stan Chu, Engineering, Technician
Brent McLain, Maintenance, Diver - Foreman
Claudia Davison, Real Estate

Project Description

The Pier 19 north wood apron was inspected and determined unsafe for further use on November 20, 2001. Port Staff determined that approximately 2000 sf of Pier 19 north apron a section of apron under bulkhead roof needed to be repaired since this section is essential to a tenants lease and opeations.

Port engineering developed a repair for the 2000 sf apron area and Maintenance will install the repair.

Status

The repair design is complete and Maintenance is about 25% complete with the repair installation.

Project Cost

Performed by Maintenance, funded by the Operating Budget.

Service Provider

Port Engineering developed the repair documents and Port Maintenance is constructing the repair.

Schedule Milestones

North Apron Condemned	20 Nov 01
Repair Design Complete	1 Dec 01
Repairs Started	15 Dec 01
Final Completion	1 Apr 02

PIER 9 NORTH APRON

Project Staff

Ed Byrne, Engineering, Project Engineer
Guadalupe Thomas, Maintenance, Construction Manager
Stan Chu, Engineering, Technician
Don Dodson, Maintenance, Pile Driver - Foreman
Claudia Davison, Real Estate
John Davey, Maritime

PROJECT DESCRIPTION

On May 29th 2001, the Port made an inspection of the Pier 9 aprons and determined that sections of the Pier 9 aprons are in poor structural condition and require repair. Port tenants leasing unsafe apron areas and responsible for substructure repair were informed of this condition and requested to provide the necessary repairs to make the apron area safe for on going operations.

A deteriorated section of the north apron is the Ports responsibility to repair. This area is approximately 227 lineal feet, or approximately 5500 sf is in very deteriorated condition and had to be closed immediately to all access. No access is to be permitted on this section of apron until repairs are completed. Tenants occupying the spaces adjacent to this apron have been notified of this unsafe condition. The apron is posted as unsafe.

The repair of this section of apron is the responsibility of the Port. The repair will be performed by Port Maintenance and requires replacement of all piles and decking over the entire 227 lineal feet of apron

Status

The repair design is complete, final drawings are being prepared and Maintenance has procured approximately 50% of the repair materials.

Project Cost

Will be performed by Maintenance and will be funded by the Capital Budget.

Service Provider

Port Engineering has developed the repair documents and Port Maintenance will be constructing the repair.

Schedule Milestones

Determination Repairs Required	29 May 01
Design Complete	8 Jan 02
Repairs Started	27 Feb 02
Final Completion	27 Dec 02

PIER 1-1/2 TO 5 MARGINAL WHARF REPAIR

Project Staff	**Ed Byrne, Engineering, Project Manager** Lloyd Soohoo, Engineering, Construction Manager Jennifer Sobel, Planning & Development Kevin Jensen, Engineering, Project Architect Nic Dempsey, Real Estate Julie Lee, Accounting
Description	This work is limited to the repair of the first bay of marginal wharf adjacent to the seawall from Pier 1 ½ to the south wall of the Pier 5 bulkhead. Through two change orders, the scope of repair work was expanded to include the full three bays of depth at Pier 3. The scope was expanded to maintain required public access through the Pier 3 breezeway to the ferryboat *Santa Rosa*. The remainder of the marginal wharf repair will be done as part of a development project(s). Under a MOU with DPW, $738,871 will be funded from the Mid-Embarcadero Project for the marginal wharf repair work. Port will fund any additional repair costs above this amount and the architectural aspects of the work. Due to unforeseen conditions this project was reduced in scope to include only the Pier 3 main entrance and the Pier 3 Public Accessway repairs. The unforeseen conditions include additional pile deterioration and repair, and significantly increased beam repair over that shown on the original bid documents. This work is only a small portion of the overall marginal wharf repair for Piers 1 ½ to 5. The remainder of the marginal wharf repair will be done as part of a development project. The potential developer of this site has been made aware of these previously unknown substructure conditions which will affect improvements made at this facility.
Status	This project is completed.
Project Cost	$2,298,547
Consultant	Structus Consulting Engineers
Construction Contractor	Power Engineering Inc.
Schedule Milestones	Construction Complete: December 2001

DOWNTOWN FERRY TERMINAL PROJECT

PROJECT STAFF

Nieret Mizushima, Engineering, Project Manager
Leo Bragagnolo, Engineering, Construction Manager
Lisa Ising, Engineering, Construction Inspector
Kim Wilhelm, Consultant, Engineering, Resident Engineering
Elizabeth Teien, Consultant, Engineering, Assistant Project Manager
Suzanne Delaney, Consultant, Engineering, Construction Administration
Mike Stez, Maintenance

DESCRIPTION

The Downtown Ferry Terminal project, funded with a combination Federal, State and Port resources, consists of two new world class ferry terminals, a protective breakwater, public access improvements, and improved signage.

The new and renovated facilities will solve a number of challenges associated with scheduling arrivals and departures of numerous ferry operators, as well as provide increased opportunities for additional ferry runs or new ferry routes. Ferry operators currently using the facility and slated to share in the new facility include Blue and Gold Fleet, Red and White Fleet, Alameda-Oakland Ferry, and Harbor Bay Ferry.

STATUS

The Breakwater, East Promenade and North Marginal Wharf have been substantially completed; minor punch list items remain. The completion of the floats for the north and south terminals was delayed due to problems with the superstructure coating system. The South Terminal was completed and opened in early October. Delivery of the float for the North Terminal has been further delayed due to adverse weather conditions in December (rain) and January (snow) and is currently scheduled to arrive on site in March. The North Terminal is anticipated to be complete and open for ferry passengers by April. Remaining work includes the renovation of the Pier ½ float, which will begin following the completion of the North Terminal. The Port is currently evaluating several options for the renovation and ultimate use of the Pier ½ float. The overall project completion is anticipated in mid 2002.

APPROVALS

No further approvals anticipated.

PROJECT COST

The current construction costs for this project is $17.0 million. Project is funded with a combination of federal, state and Port capital funds.

CONTRACTOR

Miller/Thompson Constructors – The construction firm is a woman-owned disadvantaged business enterprise (DBE) and successfully met the Federal DBE contracting goals.

SCHEDULE MILESTONES

January 2000	Issue Notice to Proceed (completed)
October 2001	Open new South Terminal
April 2002	Open new North Terminal, Remove Pier ½ Float for Renovation
Mid 2002	Construction complete

FERRY BUILDING RENOVATION
PORT COMMISSION HEARING ROOM (PCHR)

PROJECT STAFF

John Zoranovich, Architect, Engineering Department
Ed Bubnis, Building Official, Engineering Department
Curt Watts, Manager, Planning And Development
Neil Sekhri, Legal Council, Legal Department

PROJECT DESCRIPTION

Ferry Building Renovation: Work with Planning & Development in monitoring the historic renovation during design and construction phases.

Port Commission Hearing Room: Work with Planning & Development to develop designs for a hearing room in the historic home of the Port of San Francisco – the Ferry Building and monitor construction phase.

STATUS

The Ferry Building project is under construction and on schedule. The PCHR is in the construction document phase of design. Port staff is negotiating with the Developer to bring the project in budget.

PROJECT COST

$870,119	**Total Allocated Budget**
$ 391,907	Construction

CONSULTANTS

Ferry Building	Simon Martin-Vegue Winkelstein Moris
PCHR	Tom Elliot Fisch

SCHEDULE MILESTONES

March, 2001	Ferry Building – Start of Construction
September, 2002	Ferry Building – Construction Complete
September, 2001	PCHR – Start of Design
April, 2002	PCHR – Start of Construction
October 2002,	PCHR – Construction Complete

PIERS 48 & 50 FIRE PROTECTION

Project Staff

Skip Zeller, Engineering, Mechanical Engineer
Leo Bragagnolo, Engineering, Construction Manager
Dave Rauenbuehler, Manintenance
PUC
UEB

Project Description

Install a new 12" water main in Terry Francois Boulevard from 3rd Street to Mission Rock Street, install new fire sprinklers, alarms and controls in Pier 50 Shed A, and part of Shed D.

Status

Project is complete and final payment is in progress. The 1750 feet of 12" main were installed in 3 weeks.

Project Cost

Project cost was $920,642, including $8,000 for PUC inspection of the 12" water main, which was required for acceptance by SFWD at completion. The authorized amount for this contract was not to exceed $940,093.

Service Providers

Port Engineering and UEB did the construction bid documents. Port did the project engineering, inspection, and contract management. Port accounting, human resources, and HRC staff supported the contract management.

SCHEDULE MILESTONES

Notice to Proceed	March 15, 2001
Substantial Completion	December 4, 2001
Punchlist Completion	February 8, 2002

PIER 52/54 PUBLIC BOAT LAUNCH

Project Staff	**Ken Chu, Engineering, Project Engineer** Guadalupe Thomas, Maintenance Dan Bell, Planning & Development Kevin Jensen, Engineering, Project Architect Phil Williamson, Real Estate John Davey, Maritime Carol Bach, Environmental Larry Brown, Finance
Project Description	The total project scope for the new Pier 52/54 Public Boat Launch includes a new pile-supported double lane boat launch ramp, two boarding floats, a disability access gangway, and a 40 space vehicle/boat trailer parking lot, and roadway and landscaping improvements throughout the Pier 52/54 site.
Status	Project was bided in December 1998. The lowest responsive bid was much more than available funding. Catellus' realignment of Terry Francois Blvd requires repositioning of the parking lot and changing to the boat launch. The Port received an additional $1.023 million funding from California Department of Boating and Waterways. Port signed contract modification with consultant to redesign the project for the amount of $209,593 in June 2001. A round-table meeting for 50% design comment from Port's functional departments was held in September 2001. The boat launch was directed to redesign as removable. Port signed a contract modification with consultant for additional service for the amount of $79,333 in January 2002. Port staff has not resolved operational concerns regarding the redesigned boat launch. In order to respond to the more immediate public demand for a parking facility in the area staff decided to divide the project into two components: Parking Lot and Boat Lunch. Staff will move ahead immediately with the Pier 52 Parking Lot Project, while we continue to explore a more feasible, long-term solution for the Boat Launch facility.
Approvals	Maher Ordinance study has been completed.
Project Cost	The total funding for this project is $3.3 million
Consultant	ARCUS Architecture & Planning.
Schedule	5th Amend Arcus agreement – January 2002 Commission Approval Advertisement for Bid Parking Lot– 4/02

Milestones

PARKING LOT
Detailed Engineering - June 2001 to April 2002
Construction Bid and Award – May to June 02
Construction – July to October 2002

BOAT LAUNCH
Detailed Engineering - June 2001 to August 2002
Construction Bid and Award – September to October 02
Construction – November 02 to May 03

Pier 48 Seismic Upgrade

PROJECT STAFF	**Leo Bragagnolo, Engineering, Construction Manager** Ed Byrne, Engineering, Project Engineer Brad Wilson, Engineering, Resident Engineer Timothy Yoshida, Legal Jay Ach, Environmental Nita Mizushima, Engineering, Chief Harbor Engineer
DESCRIPTION	The Port's Chief Building Official determined that the November 1996 fire at Pier 48 destroyed a sufficient amount of the pier shed's structural components to trigger a San Francisco Building Code requirement for a seismic upgrade to the facility. Seismically upgrading this pier would include additional substructure piling and reinforcement designed specifically to resist earthquake loads as prescribed by Code requirements. The shed will also require seismic bracing and reinforcement.
STATUS	The Port has signed a settlement agreement with the insurance carriers in which the carriers have agreed to pay $8 million to settle all outstanding claims by the Port. The $8 million has been placed in an escrow account and will be used to pay Overaa Construction for the seismic upgrade of the pier. Overaa has agreed to a Guaranteed Maximum Price contract with the Port. A Notice to Proceed has been issued for the project, with initial site work scheduled to begin in early March. Project duration is 18 months.
APPROVALS	The PORT HAS BCDC permits for this work, but the project also requires permits from the Corps of Engineers and the Regional Water Quality Control Board. These permits will need to be approved prior to the start of piledriving.
PROJECT COST	Guaranteed Maximum Price of $7,293,378.
CONTRACTOR	Overaa Construction
SCHEDULE MILESTONES	TBD

Illinois Street Bridge

PROJECT STAFF	**Nieret Mizushima, Engineering, Project Manager** Diane Oshima, Planning & Development David Beaupre, Planning & Development Peter Dailey, Maritime Phil Williamson, Real Estate Guadalupe Thomas, Maintenance Noreen Ambrose, Legal Neil Sekhri, Legal Peter Young, consultant
PROJECT DESCRIPTION	A new bridge will be constructed across Islais Creek at Illinois Street. The bridge will be used by freight trains serving Pier 80 from the ICTF as well as local truck traffic. The bridge will significantly reduce rail distance from both the main line (from present 3.3 miles to 0.66 miles) as well as between the North and South Cargo Terminals (from 4 miles to 0.2 miles). Completion of this bridge will allow the freight rail service tracks to be eliminated in the Mission Bay Development area and will also result in fewer interface points between the future 3rd Street Light Rail and the freight rail. The bridge is proposed to be moveable type rather than a fixed type in order to accommodate vessels in the Islais Creek waterway.
STATUS	The Commission approved the nonmaterial amendment to the Mission Bay Infrastructure Agreement that will allow for an additional contribution of $1.8 million from Catellus towards the bridge in lieu of the freight rail relocation within Mission Bay. The Port is currently working with the community to incorporate their input into the project at this conceptual phase. Staff will need to seek further Commission authorization before proceeding with the competitive design/ build project.
PROJECT COST	The cost estimate for the project (as currently contemplated) is $11 million. Once the field investigations and the community input has been incorporated, the project costs will be reconsidered.
CONSULTANT	Design/Build Contractor to be selected

SCHEDULE MILESTONES

March 2002	Deadline to elect additional fund contribution from Catellus
March–May 2002	Prepare Design Development drawings for RFP
June 2002	Issue RFP for Design/Build team
November 2002	Begin Design
February 2003	Begin off site construction
August 2003	Complete permitting & begin on site construction
Early 2004	Project complete

PIER 70 WHARF 5 DEMOLITION

Project Staff

Ken Chu, Engineering, Project Engineer
Diane Oshima, Planning & Development
Jay Ach, Environmental
Leo Bragagnolo, Engineering, Construction Manager
Gerry Roybal, Maritime
Guadaupe Thomas, Maintenance

Project Description

Demolish and dispose of Pier 70 Wharf 5.

Status

Suggested at Facilities Assessment Team meeting in August 2001, Port staff has conducted a field review and determined that Wharf 5 should be demolished ASAP.

Staff is working with Planning on the BCDC permit, with the demolition credit applying to future project.

Staff is working with Environmental to apply for Army Corps permit, and is working to obtain hazardous material information.

50% contract documents were completed and routed for review in February 2002.

Staff is working with Department of Public Works to bring a contractor to tie up the lose materials to prevent materials drifting to the bay during this interim period.

Project Cost

Construction cost estimate is $720,000.

Service Provider

Port Engineering to develop construction bid documents.

Schedule Milestones

Advertise for Bids	end of June 02
Award	September 02
NTP	end of September 02
Construction Complete	November 02

AMERICANS WITH DISABILITIES ACT TRANSITION PLAN

Project Staff	**Kevin Jensen, Engineering, Architect**
Project Description	This Plan is mandated by the Mayor's Office on Disability (MOD) for all city departments in order to comply with Federal and State accessibility regulations. The Plan describes a prioritized list of capital projects that are intended to remove physical and programmatic barriers to accessibility for persons with disabilities within the Port of San Francisco's jurisdiction.
Status	The Port's current draft transition plan was started in 1992 and was last updated in 1997. The plan requires updating, due in part to current and anticipated development projects as well as changes in the lease status of several facilities. Most of the Port's facilities were not originally surveyed to ascertain their accessibility status. These facilities will be surveyed and included in the plan as well. In addition, the MOD has developed a draft list of barrier removal requirements for various Port facilities that will become the basis of the Port's further development of its specific transition plan.
Approvals	The Port's current draft plan is on file with the MOD as part of the overall City ADA Transition Plan. The Port's updated plan will require adoption by the Port Commission as well as by the MOD.
Project Cost	Total costs of $415,000 are identified in the current draft plan, although this figure will likely be much higher due the very limited scope of the current draft plan. The projects will be paid for with Port Capital funds, possible grants, or included in development projects as they occur. There is $420,000 in approved funding currently available for developing the transition plan.
Consultant	TBD.
Schedule Milestones	April, 2002 — Develop Scope of Work & Consultant Qualifications Description. July, 2002 — Hire Project Contract Manager. Develop and issue IDWO and / or Professional Services RFQ. Obtain approvals and start contract / IDWO work.

March, 2003	Complete all surveys, draft database & draft transition plan.
April, 2003	Public review and comment period of draft database & draft transition plan.
June, 2003	Revise and finalize draft transition plan. Obtain MOD approval.
July, 2003	Presentation to Port Commission of draft plan for adoption.
Sept., 2003	Forward Port Commission approved transition plan to the MOD for incorporation into the city wide transition plan.

RASTERIZING ENGINEERING DRAWINGS

Project Staff

Tom Bower, Project Engineer
Ken Chu, Project Engineer
Stan Chu, Technican
George Dudley, Technican
Alan Nevling, Surveyor Party Chief

Project Description

Convert existing engineering drawings into electronic format. This project includes the training of Port Staff in the use of software used for drawing retrieval, viewing, editing, and reproduction. Converting the existing drawings to electronic format enables Port staff to view the drawings on their computers, and eliminates the need to transfer drawings from their current location to the Port's new office in Pier 1.

Status

Purchase Order was advertised in August 1999. RPM Imaging was the successful bidder for this project. First drawing shipment was sent to RPM in October 99. About 8000 digitized drawings can now be reviewed from the Port's drawing database. A public viewing station was set up for public retrieval. The project is completed and closed. The final payment was made in February 2002.

Future work includes converting the utility and tenant lease drawings to AutoCAD format.

Project Cost

Total engineer's estimate is $150,000.

Service Provider

RPM Imaging.

Schedule

September 13, 1999, Purchase Order was approved by City's Purchase Office.

Milestones

September 2001, drawing conversion completed.
December 2001, drawing digitizing completed
February 2002, project w/RPM closed
Start Utility Drawings conversion, March 2002

AGUA VISTA PARK

Project Staff

Thomas Bower, Engineering - Civil Engineer
Mabal Bhat, Engineering – Electrical Engineer
Phillip Williamson, Real Estate - Property Manager
David Beaupre, Planning & Development
Tom Meisenbach, Maintenance

Description

This project provides shoreline slope stabilization for Agua Vista Park and upgrades to the existing park facilities. New rip-rap is required to maintain a permanent water edge and to maintain the public access park as required by the BCDC permit for Kelly's Restaurant. This project requires repairs on approximately 400 feet of rip-rap to the Agua Vista Park shoreline, installation of accessibility ramps and parking, new lighting, and some new paving to be matched to existing grade. Construction will be performed by Port maintenance.

Status

Design of the park has been completed with exception to the electrical service and lighting plan.

Approvals

As part of BCDC Permit M97-33 (Conditions for Mission Rock Resort Remodel) improvements are made to Agua Vista Park.

Project Cost

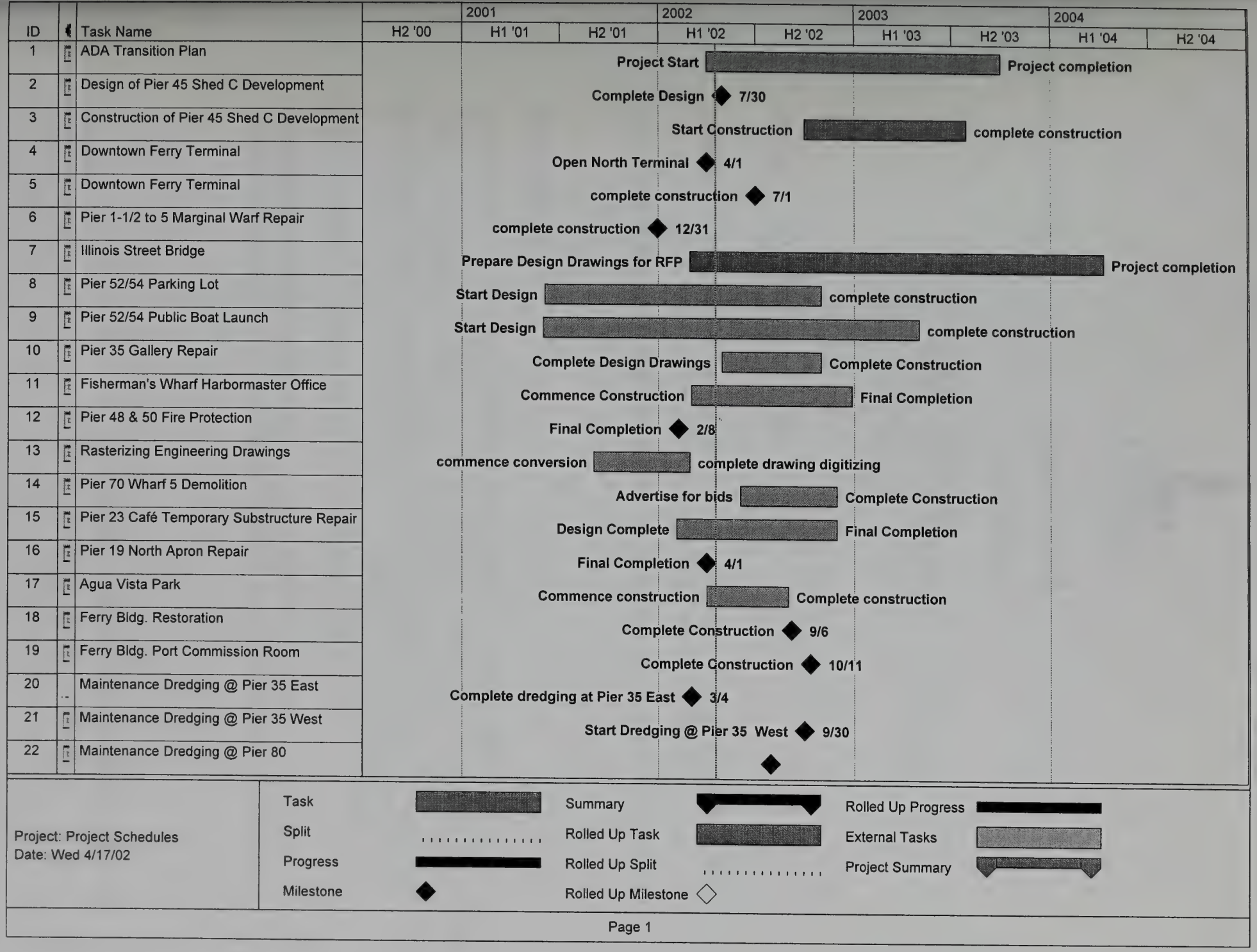
The project will be performed by maintenance staff with exception to lighting, which may be contracted out or performed by maintenance. Up to $7,500 of the costs for electrical work will be paid by Kelly's Restaurant.

Schedule Milestones

April 2002	Begin repair on 400' of riprap
June 2002	Finish repair on 400' of rip-rap
June 2002	Begin Construction of Park amenities
August 2002	Finish Construction of Park amenities

MAINTENANCE DREDGING

Project Staff	**Leo Bragagnolo, Engineering, Construction Manager** Tom Bower, Engineering, Civil Engineer Jay Ach, Environmental John Davey, Maritime Ed Byrne, Engineering, Project Engineer Lisa Ising, Construction Inspector Ken Chu
Description	The Port's Maintenance dredging for 2001-2002 has been awarded to Dutra Dredging. The potential dredging sites include Pier 35, East and West berths, Piers 27, 45, 80, 92 and the Fisherman's Wharf Harbor.
Status	The Notice to Proceed with the first dredging episode at Pier 35 East has been sent to Dutra. Dredging is scheduled to begin at this site on October 29th.
Approvals	Port staff submits permit applications to BCDC, the Army Corp of Engineers, and the Regional Water Quality Control Board for each dredging site for each dredging episode. Obtaining these permits and authorization to proceed in a timely fashion from these agencies for the dredging to occur on schedule has been a considerable challenge to Port Staff.
Project Cost	Dredging cost for the Summer/Fall of 2002 is currently estimated to be $2.5 million.
Consultant	None
Schedule Milestones	March 2002: Complete dredging at Pier 35 East. Summer 2002: Maintenance dredging at Pier 80 Fall 2002: Maintenance dredging at Pier 35 West



Project: Project Schedules
Date: Wed 4/17/02

PORT OF SAN FRANCISCO

MEMORANDUM

April 18, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Brian McWilliams
Hon. Denise McCarthy
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Informational Presentation of Design Development Plan for development of fish processing facilities in Shed C of Pier 45 at Fisherman's Wharf

DIRECTOR'S RECOMMENDATION: NO ACTION; RECEIVE PUBLIC COMMENT

BACKGROUND

The Port plans to develop modern fish processing facilities in Shed C of Pier 45 at Fisherman's Wharf to meet needs of the fishing industry and to further achieve the Port's objective of restoring and expanding Fisherman's Wharf as a working fishing port. In 1995, the Port completed the development of modern fish processing facilities in Sheds B and D of Pier 45. A total of 108,197 sq. ft. of fish processing facilities were created in Sheds B and D, and these facilities are now fully leased to 16 different firms. There are presently 7 fish processing firms located in approximately 44,700 sq. ft. of inadequate facilities in Piers 28 and 33.

This memorandum provides a status report on the Pier 45 Shed C Project, including the community outreach program, the Design Development Plan, the funding and the schedule.

THIS PRINT COVERS CALENDAR ITEM NO. **6B**

Prior Port Commission Actions

The Port Commission has taken the following actions to date regarding the Pier 45 Shed C project:

- On June 24, 1997 (by Resolution No. 97-50), adopted the Waterfront Land Use Plan, which included as its first objective for the Fisherman's Wharf Waterfront: "Restore and expand Fisherman's Wharf as a working fishing port."

- On October 14, 1997 (by Resolution No. 97-83), adopted guidelines regarding long term uses for Pier 45 Sheds A and C, which included that "Shed C to be reserved for fishing industry uses including fish processing and wholesaling, truck access, storage, and employee parking."

- On November 9, 2000 (by Resolution No. 00-87), (1) established the Pier 45 Shed C project as a top priority for funding in the Port's 2001-02 FY Capital Plan, (2) authorized and directed Port staff to immediately commence the planning, design and engineering of improvements for fishing industry uses in Pier 45 Shed C, and (3) directed Port staff to pursue grant funding for the Pier 45 Shed C Project.

- On February 27, 2001 (by Resolution No. 01-10), approved the Port's 2001-02 FY Capital Plan, which included $4,450,000 of total funding for the Pier 45 Shed C project.

- On December 11, 2001 (by Resolution No. 01-95), (1) approved the Schematic Design Plan for the Pier 45 Shed C Project, (2) adopted the environmental review and project approval findings, and (3) authorized the Port to apply for, accept and expend funds from the California Technology Trade and Commerce Agency and to enter into a funding agreement with the State, for and additional $1,500,000.

Schematic Design Plan

The Schematic Design Plan for the Pier 45 Shed C Project approved by the Port Commission on December 11, 2001 would create 45,300 sq. ft. of space to be leased to fish processing businesses, plus 27,600 sq. ft. of corridors and vehicular circulation space within the Shed. This project would entail the Port constructing the following elements:

1) Improvements to the building exterior and roof;
2) An interior corridor for pedestrian and vehicular circulation;
3) Tenant shell spaces with demising walls;
4) New raised ramps at the ends of Sheds C and D for accessibility compliance and fork lift use;
5) Other improvements to comply with the Federal Americans with Disabilities Act and State Title 24; and

6) Infrastructure improvements necessary for tenants to develop their demised spaces listed below:
   a) Water, gas and telecommunication service;
   b) 480 volt, 3-phase electric service;
   c) Large capacity sanitary sewers and a force main that connects off-site to the City sanitary sewer system under Taylor Street and Jefferson Streets; and
   d) A trash compaction system for solid wastes, compostables, and recycling, both for use by the fish processors and the Fisherman's Wharf restaurants.

Employee parking for fish processing businesses in Pier 45 Shed C would be offered between 4:00 AM to noon in the Triangle Parking Lot (bounded by The Embarcadero, and Jefferson and Taylor Streets).

Pier 45 Shed C Team

Port staff formed a cross-functional Pier 45 Shed C Team ("Port Team") to develop the Pier 45 Shed C project. Its core team members include:

Tom Meisenbach, Maintenance
John Zoranovich, Engineering - Project Architect/ Lead
Kirk Bennett, Planning & Development
Mojgan Yousefkhan, Project Support
Michael Nerney, Maritime
Elliott Riley, Real Estate
Jay Ach, Environmental
Lawrence Brown, Finance
Tim Yoshida, Legal
Taline Sanassarian, Government Affairs
Nita Mizushima, Engineering, Chief Harbor Engineer

In December, 2000, the Port Team began the planning, design and engineering of the Pier 45 Shed C project, with input and guidance from the Fisherman's Wharf Waterfront Advisory Group at its monthly meetings, as well as individual stakeholders in the project. As a part this planning process, the Port conducted a comprehensive Stakeholder Survey

DESIGN DEVELOPMENT PLAN

Community Outreach

Since the Port Commission's approval on December 11, 2001 of the Schematic Design Plan for the Pier 45 Shed C Project, Port staff has completed the Design Development Plan for the project with community and stakeholder input. This input has been received at the following meetings, as well as from meetings with individual stakeholders:

1) Fisherman's Wharf Waterfront Advisory Group - January 15, 2002
2) Fisherman's Wharf Waterfront Advisory Group - February 19, 2002

3) Fishing Processors Meeting - March 6, 2002
4) Fishing Processors Meeting - March 12, 2002
5) Fisherman's Wharf Waterfront Advisory Group - March 19, 2002
6) Fish Processor investigation of drainage systems - March 26, 2002
7) Fishing Processors Meeting - April 1, 2002
8) Fishing Processors Meeting - April 2, 2002
9) Fisherman's Wharf Waterfront Advisory Group - April 16, 2002

Following is a summary of the key issues of concern raised at these meetings, and the Port's response to each of the issues.

Concern: Unlike most tenants in Sheds B and D, the tenants in Shed C will not have a exclusive area in the valley that they can use for truck loading and for employee parking. Where will our employees park? The Port anticipates offering tenants in Shed C (as well as those tenants in Shed D who do not have an exclusive loading dock), the opportunity to rent up to 2 monthly parking spaces per 1,000 sq. ft. of their interior rentable space. These monthly parking spaces would at least initially be in the Triangle Parking Lot, but would need to be vacated by noon each day. The monthly rental, which would be subject to approval and adjustment by the Port Commission, is anticipated to initially be $60.00 per month

Concern: A few businesses currently store" working trucks," during off business hours, in Shed C. Once Shed C is developed, what accommodations will the Port make for these displaced "working trucks?" This problem can be resolved in two ways. First, most business is complete at Pier 45 by 10:00 AM; after that there is space to park "working trucks" in the "Valley." Second, if there is additional need for "working truck" parking, the Port will make space available at Pier 33. Fish processors would arrive early in the morning; drop their car and pick up the "working truck" that had been stored over-night. The process would be reversed in the evening. With regard to security, currently the security guards hired by the Port conducts hourly patrols through Hyde Street Harbor and Fish Alley, seven days a week.

Concern: Will the Port assist businesses in the costs they will incur to move to Shed C and complete their tenant improvements? Like for the businesses which moved to Sheds B and D, the Port anticipates that it will grant businesses moving to Shed C several months free rent when the space is delivered to them. For Shed's B and D, this amounted to free rent for the first six months of the lease term, the amount of free rent which will be granted to businesses moving to Shed C will be determined by the Port Commission.

Concern: Currently there is traffic congestion due to the number of delivery vans and big tractor-trailer rigs that are doing business at Pier 45. What steps is the Port taking to assure that the additional traffic, generated by new businesses in Shed C, does not create grid-lock in the "Valley?" Currently a number of businesses are parking vehicles and storing equipment in the common area of the "Valley." Port Staff is implementing a program to enforce compliance with lease provisions which prohibit these practices. Also providing ramps to access common areas in Shed D and angling parking to improve access to Shed D.A

separate, concurrent project will create angled parking, similar to that recommended in the traffic engineer's 1996 report. (See, Pier 45 Valley Truck Study, Rajappan & Meyer, September 5, 1996). This design will rotate the trucks out away from the congested traffic lanes and make backing the trucks into the loading docks simpler and less time consuming. Less time to back to the dock means less congestion.

Concern: What impact will the Development of Shed C have on the traffic in the "Valley" and the fish-processing businesses already operating at Pier 45? It is anticipated that the existing "synergy" that already is at play between the fish-processors at Pier 45 will be strengthened by increasing the number of fish processors at Pier 45. And while there will be increased traffic in the "Valley," this increase is mitigated by the common corridor inside Shed C. This corridor is nearly three times as wide as in Shed's B and D and will function as an interior street, relieving much of the congestion in the "Valley." The loading dock that serves Shed C is relatively small and is laid back against the side of the building to minimize the impact on "Valley" traffic. Similarly, the compactors, which serve tenants in all three sheds, will be located inside Shed C, thus freeing up space in the "Valley."

Concern: What steps is the Port taking to assure compliance with State, Federal and Local accessibility legislation for this project? The plans and specifications for this project will be reviewed and approved by the Mayor's Office on Disability (MOD) prior to bidding. The MOD will also review and approve the project prior to occupancy. In addition, the Port's ADA Coordinator is actively involved in the design and design review process for this project and, in conjunction with the MOD, will ensure that the project meets all applicable accessibility regulations. Proposed measures include new accessible, parking, ramps, lift, crosswalks, pedestrian paths of travel, exits, and signage. Accessible pedestrian entrance and path of travel from the Embarcadero to shed C fish processing tenants, shed A tenants, and the general public will be via the East "public access" apron. Accessible pedestrian entrance and path of travel from the Embarcadero to sheds B & D fish processing tenants and for the "fishing business general public" will be via the West apron. Accessible paths of travel and parking within the Pier 45 site will be provided to accommodate "fishing business general public" accessibility as well as accessible parking and connections between buildings for tenants with disabilities.

Concern: Will the sewer design adequately serve the facilities in Shed C? Port staff has based their design on that which has served the needs of Shed's B and D. They have checked their design with experts in food processing at the University of California at Davis and with an outside consultant with special knowledge in the food processing industry. The conclusion is that the primary concerns at Shed's B and D are related to maintenance practices. The Port will institute new programs to deal with the maintenance issues at the existing facilities. And minor improvements are being incorporated into the design of the sewer systems at Shed C, based on the feed back gained in this review process.

Concern: Is there sufficient money to complete the Shed C Development Project? In February of 2001 the Commission committed $4,450,000 of the Port's Capital budget for the Shed C project. Since then the Port has entered into a financial agreement with the State of

California for an additional $1,500,000, resulting in total funding of $5,950,000.00. The projected total cost is $5,946,000, including contingencies of $650,602.

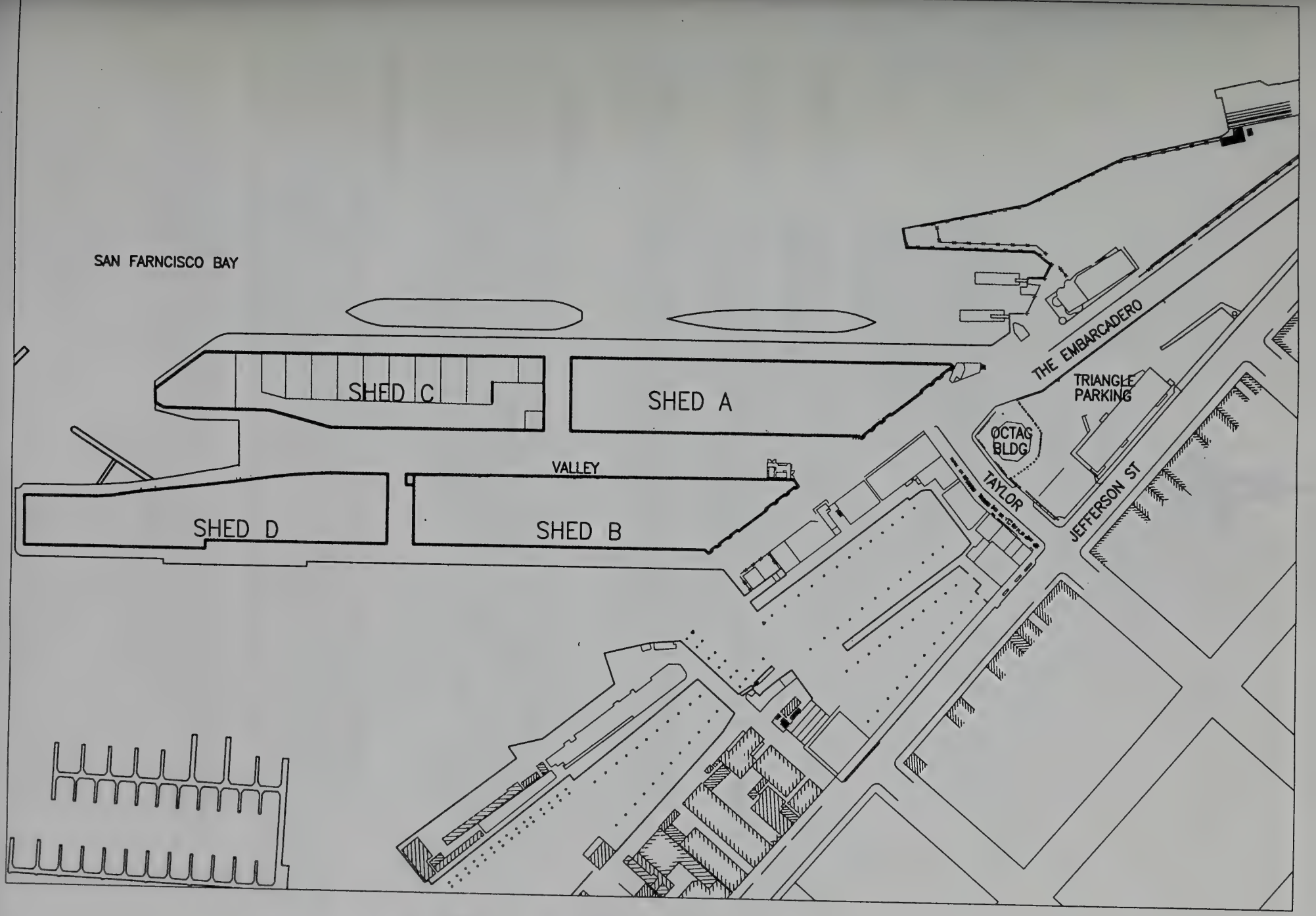
Concern: How do we avoid delays in delivering this project on time? When will the drawings be complete? When will Shed C be opened for business? Port staff is on course to complete the drawings and go to bid in Mid-July. Completion of the Design Development drawings was delayed while Port staff responded to concerns by the community regarding traffic, accessibility and drainage. However, the July bid-date is still achievable. Construction is slated to begin in October 2002 and construction is projected to be complete by December 2003. The Fisherman's Wharf Waterfront Advisory Group will continue to provide input to Port staff throughout the development of this project to help address and resolve design and operational issues.

Schedule of Key Steps

- April 23, 2002 – Port Commission Hearing
- May 15, 2002 – Follow-up Cost Study
- May 28, 2002 – Port Commission Approval of Lease Terms and Policies
- June 15, 2002 – Complete Bid Documents
- June 25, 2002 – Port Commission Authorization to Bid the Project.
- September 24, 2002 - Port Commission Authorization to Enter into Contract.
- Start Construction – October 2002.

Prepared by: Pier 45 Shed C Team

I:\Kirk\ Agenda Packages\Pier 45C Design Development Presentation.doc



LOCATION MAP

PORT OF SAN FRANCISCO

MEMORANDUM

April 19, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Denise McCarthy
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Request for authorization to advertise for competitive bids for Construction Contract No. 2675, Pier 52 Parking Lot Project

DIRECTOR'S RECOMMENDATION: AUTHORIZE STAFF TO ADVERTISE FOR COMPETITIVE BIDS FOR THE CONSTRUCTION OF THE PIER 52 PARKING LOT PROJECT

Introduction

Port staff requests that the Commission approve the advertisement for competitive bids for construction contract No. 2675, Pier 52 Parking Lot Project. The construction scope of the project includes site clearing and grubbing, excavation and grading, disposal of spoil and debris, and asphalt paving and striping to construct a parking lot with 40 parking spaces for vehicles and trailers as set forth in the construction documents.

Background

In September 2001, the Port's consultant Arcus Architecture and Planning ("Consultant") completed 50% design of the Pier 52/54 Public Boat Launch and Support Facilities Project. During review of the 50% design, Port staff discovered that the design had been based on the assumption that the Pier 52 trestle structure acted as a breakwater to protect the boat launch facility from wave action. Port staff felt that the trestle could not be counted upon to provide such protection.

On January 8, 2002, the Port Commission approved the Fifth Amendment to the Consultant's contract, which added $79,333 to the contract price and directed the Consultant to modify its design for the Pier 52/54 Public Boat Launch and Support Facilities Project.

This Print Covers Calendar Item No. 6C

While Port staff continues to review the best alternative for the boat launch, Port staff recognized the importance of maintaining the original schedule on the parking lot. With the community and California Department of Boating and Waterways (Cal Boating) consent, Port staff is proceeding with the parking lot construction as a first phase of the Pier 52/54 Public Boat Launch and Support Facilities Project. Port staff continues to explore a more feasible, long-term solution for the boat launch facility.

The Port Commission previously accepted grants from Cal Boating in the amount of $1,516,000 for the construction of Pier 52/54 Public Boat Launch and Support Facilities Project. The Port's funds will initially be used for the parking lot construction. Cal Boating will reimburse the Port when the Port begins construction of the boat launch. The total Cal Boating grant for the overall project will remain unchanged at $1,516,000.

Summary

The recreational boating community is eager to see the parking lot construction completed. Port staff recommends that the Commission authorize the advertisement for competitive bids for construction contract No. 2675, Pier 52 Parking Lot Project. This will enable the Port to satisfy the boating community's immediate desire for the parking lot while allowing time to assure the appropriate solution for the boat launch.

Prepared by: Ken Chu, Project Engineer, for
Nita Mizushima, Chief Harbor Engineer

PORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-12

WHEREAS, in September 2001, the Port's consultant Arcus Architecture and Planning ("Consultant") completed 50% design of the Pier 52/54 Public Boat Launch and Support Facilities Project; and

WHEREAS, during review of the 50% design, the Port staff discovered that the design had been based on the assumption that the Pier 52 trestle structure acted as a breakwater to protect the boat launch facility from wave action; and

WHEREAS, Port staff felt that the trestle could not be counted upon to provide such protection; and

WHEREAS, on January 8, 2002, the Port Commission approved the Fifth Amendment to the Consultant's contract, which added $79,333 to the contract price and directed the Consultant to modify its design for the Pier 52/54 Public Boat Launch and Support Facilities Project; and

WHEREAS, while Port staff continues to review the best alternative for the boat launch, Port staff recognized the importance of maintaining the original schedule on the parking lot; and

WHEREAS, with the community and California Department of Boating and Waterways (Cal Boating) consent, Port staff is proceeding with the parking lot construction as a first phase of the Pier 52/54 Public Boat Launch and Support Facilities Project; and

WHEREAS, Port staff continues to explore a more feasible, long-term solution for the boat launch facility; and

WHEREAS, the Port Commission previously accepted grants from Cal Boating in the amount of $1,516,000 for the construction of Pier 52/54 Public Boat Launch and Support Facilities Project; and

WHEREAS, the Port's funds will initially be used for the parking lot

WHEREAS, Cal Boating will reimburse the Port when the Port begins construction of the boat launch; and

WHEREAS, the total Cal Boating grant for the overall project will remain unchanged at $1,516,000; and

WHEREAS, the recreational boating community is eager to see the parking lot construction completed; and

WHEREAS, the construction of the Pier 52 Parking Lot Project will enable the Port to satisfy the boating community's immediate desire for the parking lot while allowing time to assure the appropriate solution for the boat launch; now therefore be it,

RESOLVED, that the Port Commission hereby authorizes Port staff to advertise for competitive bids for construction contract No. 2675, Pier 52 Parking Lot Project.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of April 23, 2002.

_____
Secretary

DOCUMENTS DEPT.
MAY 9 2002
SAN FRANCISCO
PUBLIC LIBRARY

SAN FRANCISCO
PORT COMMISSION

APRIL 23, 2002
MINUTES OF THE REGULAR MEETING

MEMBERS, PORT COMMISSION

HON. MICHAEL HARDEMAN, PRESIDENT
HON. KIMBERLY BRANDON, VICE PRESIDENT
HON. DENISE McCARTHY
HON. BRIAN McWILLIAMS
HON. PIUS LEE

DOUGLAS F. WONG, EXECUTIVE DIRECTOR

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE MEETING
APRIL 23, 2002

1. ROLL CALL

Commission President Michael Hardeman called the meeting to order at 4:05 p.m. The following Commissioners were in attendance: Michael Hardeman, Kimberly Brandon, Denise McCarthy, Brian McWilliams and Pius Lee.

2. APPROVAL OF MINUTES - March 26, 2002 Regular Meeting

ACTION: Commissioner Lee moved approval; Commissioner McWilliams seconded the motion. All of the Commissioners were in favor. The minutes of the March 26, 2002 meeting were adopted.

3. EXECUTIVE

A. Executive Director's Report: Mr. Wong reported the following:

- Herb Caen Celebration:
  The Herb Caen Day celebration was a successful event. On April 4th, hundreds of people from the Fisherman's Wharf community, Mayor Brown and City officials paid tribute to the late San Francisco columnist for his outstanding work and love of our City. In addition to the music, dancing and raffle drawing, Mayor Brown and Michael Burns, General Manager of Muni, named a historic streetcar in Mr. Caen's honor. The fisherman' wharf community also dedicated a plaque in his memory at the Fisherman's Seamen Memorial Chapel near Pier 45. He thanked everyone involved in making this a successful celebration especially Renee Dunn.

- American Institute of Architects (AIA) Award for Pier 1:
  The American Institute of Architects Committee on the Environment has selected Pier 1 as one of the Top Ten "Green" Projects worldwide for 2002. Pier 1 was commended for a design that reflects the history and nature of the site, uses green materials from green sources, provides clean air and natural light for occupants and uses a radiant floor tubing system for heating and cooling. A public presentation of the projects will be made on April 29, 2002 at the National Building Museum in Washington, D.C. The AIA Committee on the Environment works to make sustainable design integral to the practice of architecture. The Top Ten "Green" Projects initiative was developed in partnership with the U.S. Dept. of Energy. He congratulated Simon, Martin-Vegue, Winkelstein and Moris, the architects for Pier 1; AMB, the developer; and the Port project staff for this fine recognition.

- USS McCampbell at Pier 30/32:
  On August 17, 2002, the brand new US Navy destroyer, USS McCampbell, will be commissioned at Pier 30/32 in San Francisco. Named after World War II ace pilot and Medal of Honor winner, Captain David McCampbell of the US Navy, the vessel will have over 300 crewmembers prepared to sail into harm's way to protect our country and defend national interests.

  Mr. Wong introduced Tom Creedon who then introduced Admiral Brown, chairman of the commissioning committee. Admiral Brown introduced Jeanne Sharkey, vice chair and president of the Pacific Center Region of the Navy League and Bill Sharkey. He mentioned the outstanding support they have received from the Port. He invited everyone to attend the commissioning of the USS McCampbell on August 17, 2002.

  On behalf of the Maritime Division, Mr. Peter Dailey presented Mr. Preston LeBlanc a plaque congratulating him on his retirement and thanking him for 35 wonderful years serving the Port and the City. Mr. Preston LeBlanc, manager of Metropolitan Stevedore Company, is an icon of the San Francisco's waterfront, having worked on Piers 15, 17, 27, 29, 30, 32, 35, 50, 94, 96 and others. Mr. LeBlanc is a special friend of many members of the San Francisco maritime community and a trusted role model for many of Port staff. They will all miss his integrity, reliability and most importantly, his classy demeanor.

  Mr. LeBlanc indicated that he came to the waterfront looking for a second job to buy a house. He bought the house and 35 years later, he's still on the waterfront. It has been a wonderful experience working at the Port and having witnessed its transformation. He thanked Port staff for their cooperation throughout the years.

4. CONSENT

A. Request for approval to terminate Lease No. L-13045 with Leon Sugarman & Associates at 1101 The Embarcadero. (Resolution No. 02-09)

B. Request for approval to terminate Lease No. L-12892 with Studio Impact, Inc. d.b.a. 300 Feet Out at Pier 9. (Resolution No. 02-10)

ACTION: Commissioner McWilliams moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor. Resolution Nos. 02-09 and 02-10 were adopted.

5. REAL ESTATE

A. Request for approval of a Memorandum of Understanding between the Port and the Department of Public Works (DPW) for the purpose of occupying Port property for the rehabilitation of the 4th Street Bridge and approach roadway. (Resolution No. 02-11)

Mr. Phil Williamson, Sr. Property Manager, presented the item and requested Commission's approval.

ACTION: Commissioner Lee moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor. Resolution No. 02-11 was adopted.

6. ENGINEERING & MAINTENANCE

A. Informational Presentation on the Status of Engineering and Maintenance Projects & Environmental Services.

Mr. Alex Lee, Director of Engineering & Maintenance, thanked the Commission for their support in providing more resources to his department; ten positions were added to his department in this year's budget. In addition to the ten positions, his department was able to hire the following 16 additional positions from the capital budget: 1 maintenance machinist, 1 painter, 3 plumbers, 2 sheet metal workers, 1 ironworker, 1 general laborer, 2 pile workers, 3 roofers and 2 project managers. With the help of the Chief Harbor Engineer Nita Mizushima, the engineering department was reorganized to focus on internal evaluation of the Port's facilities as well as contract and permit work. The maintenance department emphasizes on facilities preventive maintenance and a computerized management program is expected to be in place in the next couple of months.

Mr. Lee provided the Commission a brief status report of the department's projects: Pier 45 Shed C is in the design phase. The Pier 43 Archway repair is in progress. Staff is working on Pier 33 and Pier 23 substructure repair. The Downtown Ferry Terminal is expected to be open soon. Staff is working on Pier ½, Pier 38 apron repair, Pier 52 boat launch and Pier 48 seismic upgrading. Staff received insurance funding for Pier 48 and will commence pile driving. Staff is also working on the Illinois Street bridge. The Pier 80 fender repair is almost completed at a cost of close to $1M. The maintenance dredging project will cost approximately $2.5 million this year. From now to the end of the fiscal year, the engineering and maintenance division will be managing $38 million worth of maintenance and construction work in addition to its regular budget of $17 million.

Commissioner McCarthy commended Mr. Lee for putting together a first-rate team. When she came on board five years ago, there were all kinds of issues regarding maintenance and contract work. She thanked him and his staff for doing a great job for the Port and the City.

B. Informational Presentation of Design Development Plan for development of fish processing facilities in Shed C of Pier 45 at Fisherman's Wharf.

Mr. Peter Dailey, Director of Maritime, indicated that the presentation will review the effort put forth to date for the development of fish processing facilities at Pier 45 Shed C. Subsequent presenters will discuss the planning process, environmental and health

issues, property management, design challenges and solutions. Fundamental to the Port of San Francisco's public trust mission is the promotion of its maritime industries of which none is more important than commercial fishing and fish processing. The Port's current strategic plan details its fundamental commitment. It states that the "Port will promote the fishing industry and develop additional facilities for the commercial fishing industry." Another of the Port's stated strategic goals is to provide efficient and environmentally sound management of the fisherman's wharf harbor and the Port's commercial fish handling facilities. He emphasized the deep commitment and feeling, the important responsibility that Port staff feels towards fisherman's wharf and the fishing industry. The Pier 45 Shed C project is truly an interdepartmental, cross functional effort of staff representing most the Port's division including Planning, Environmental, Maritime, Real Estate, Maintenance, Engineering, Legal, and Executive. Tom Meisenbach, Superintendent of the Maintenance Department, heads the team. While this cross-functional team begun in December 2000, the origins of Pier 45 Shed C project goes back farther. He personally finds it ironic that recent reports call into question the Port's commitment to the industry. Ten years ago, commercial fish processing was in dire straits in San Francisco. The 1989 Loma Prieta earthquake and other factors dramatically reduced the number of viable commercial fish processing companies at the Port. Pier 45 was significantly destroyed by the earthquake and would require millions of dollars of structural repair. In addition, new federal health standards were on the horizon that would require the remaining Port processing companies to invest in new procedures, equipment and facilities. The Port in 1990, was also concerned about environmental impacts that processing have on the bay. Past practices needed to change and new facilities were needed for our processing customers to meet the new environmental and health mandates. The Port Commission then committed not only to rebuild but also to totally renovate the facilities at Pier 45 both functionally and environmentally in an attempt to make San Francisco again the center of Northern California's industry. In the early 90's, the Port procured $14 million in funds and through a public planning process, the Port plans to rebuild not only the Port sheds on the pier but the City's historic place as a center of an important industry. One of the cornerstone of that and this planning process was the realization that the demands in the environmental and health, let alone seismic, were changed in its physical needs of commercial fish processing facilities. New water quality and sewer requirements that would help the Port comply with Regional Water Quality regulations were incorporated into the Pier 45 project along with substantial upgrades. In the early 90s, many people thought that commercial fish processing was dead and the Port should not waste its money or time in trying to resuscitate it. Others stated that the commercial fish companies would never lease facilities as they were designed. In 2002, it's dejavu all other again. As then and now, staff continues to work with the industry, members of the environmental community, and other stakeholders and in the end Pier 45 was leased. Today, once again, the wharf is the center of Northern California's commercial fishing and processing industry. It is a project that he and many of Port staff take great pride in and point to when talking about accomplishments of the Port in the last decade. Last year, another tangible result of the Port's commitment to the fishing industry was the opening of the Hyde Street Harbor, a $7 million project now offers the West Coast fishing fleet over 60 new accessible berths with special attention to protecting the bay.

Port staff today has an active environmental stewardship program with the wharf community through the Environmental Quality Advisory Committee (EQAC) committee and also has a fisherman's wharf harbormaster's office manned seven days a week to provide better management in the harbor. This afternoon's presentation will detail the process to which the Shed C project has evolved to date. Representatives of the various departments will discuss important chapters of the project.

Kirk Bennett, Asst. Deputy Director of Planning & Development, presented the extensive public stakeholders planning process. He indicated that he joined the Port nine years ago to manage fisherman's wharf. At the time, the fishing industry was in decline at fisherman's wharf. The fisherman's wharf lagoon was filthy. He was attracted to the Port by the Port's commitment to restore the fishing industry and to correct the fishing industry's facilities and practices which were impacting bay waters. He gave a brief overview of the community and stakeholder planning process that has taken place to date in planning the Pier 45 Shed C project. The Shed C project was not thought of one day by the Port behind closed doors. Decidedly, the opposite was true. It was arrived at an extensive, long, public planning process. This process began in 1987-88 with the Hyde Street Pier, Pier 45 Citizens Advisory Group. This was in reaction to the plan for an extensive commercial development on Pier 45 and presented a vision for a new fishing harbor and for fishing industry uses on Pier 45. In 1991, the Waterfront Plan advisory board was formed and began a 7-year community planning process which resulted in the adoption of the Waterfront Land Use Plan in 1997, establishing the number one objective for fisherman's wharf, restoring fisherman's wharf as a working, fishing harbor. In 1996, the Port established the Fisherman's Wharf Environmental Quality Advisory Committee (EQAC). This was formed to identify and implement mitigating environmental impacts of bay waters particularly those from the fishing industry. In 1996, the Pier 45 Advisory Group was formed after the completion of the fish processing facilities in Sheds B and D. Its purpose was to address operational matters regarding Sheds B and D and to recommend use guidelines for Sheds A and C. In 1997, they unanimously recommended use guidelines including reserving Shed C for the fishing industry. The Port Commission subsequently adopted the guidelines. In 2000, the Fisherman's Wharf Waterfront Advisory Group recommended that the Port start planning for the pier shed for fishing industry uses. At that point, Sheds B & D was just about leased up. The Port Commission directed staff to immediately commence planning, design and engineering of Pie 45 Shed C. Staff began a community and stakeholder planning process to come up with the schematic design plan. The community process consisted of monthly Fisherman's Wharf and Waterfront Advisory Group meetings, meetings with the Fisherman's Wharf Environmental Quality Committee, a comprehensive survey by Port staff of the stakeholders at Pier 45 as well as stakeholders meeting including fish processors. Some of the issues discussed in the planning process were parking, circulation, design of the sanitary sewer system and other environmental issues. In 2001, the Fisherman's Wharf Waterfront Advisory Group unanimously approved the schematic design plan which the Port Commission approved. At the end of last year, staff worked with the community in refining the design development plan. The community stakeholder planning process included 4 meetings with the Fisherman's Wharf Waterfront Advisory Group, 5

meetings with fish processors and meetings with the Fisherman's Wharf Environmental Quality Committee. The community and stakeholder planning process for Pier 45 Shed C is not over. The Fisherman's Wharf Waterfront Advisory Group which meets monthly will continue throughout the construction of the project. The operation of Pier 45 Shed C will address and solve individual issues as they arise, just like what occurred with Sheds B and D and for the Hyde Street Harbor. Both of those projects had growing pains but were able to work through those issues at the community process. Both of those projects have become model, fishing facilities in the West Coast and the United States, meeting the needs of the fishing industry and also setting new standards for environmental protection. Shed C will also be a success providing modern and efficient fish processing facilities, allowing fish processors to meet increasingly stringent health and environmental regulations at the same time protect the bay from environmental impacts from the fish processing activities.

Jay Ach, the Port's Manager of Environmental and Regulatory Affairs, explained how the Shed C project helps the Port meet the substantial environmental issues of fish processing. Mr. Ach indicated that he had the good fortune of immediately becoming involved with both planning and operational issues at fisherman's wharf via the Fisherman's Wharf Environmental Quality Advisory Committee (EQAC). As the Port's primary EQAC representative, he has become acquainted with the issues facing fishermen, fish processors, swimming and boating clubs, restaurant owners, business people and the National Park Service as they continue to both use and share fisherman's wharf. Despite the diverse and potentially conflicting interests, the groups represented by the EQAC members all agree that water quality protection is a vital interest at fisherman's wharf. He noted that the Port has found water quality protection and enhancement to be a recurrent theme that runs throughout the various advisory groups that the Port assembled. The Port sponsors such groups to provide community input into the Port's planning process along the waterfront. Water quality is always an issue. The San Francisco Regional Water Quality Control Board is the primary agency responsible for enforcing compliance with water related environmental laws. Concurrent with the community focus on water quality, the Regional Board itself has promulgated new regional stormwater regulations and has shown an increasing interest in industrial waste water issues at the Port of San Francisco. The Regional Board is determined that fish processing does fall under both categories of regulations: waste water and storm water. Fish processing requires the use of large quantities of water for cleaning fish, sanitizing equipment and washing down facilities. This water is considered industrial processed water by the Regional Board and as such cannot be discharged in the bay. It must be discharged to the city's combined sewer system for treatment. Additionally, stormwater that falls on exterior areas used by fish processors such as aprons and valley areas must either be monitored and thereby demonstrated to be in compliance with discharge criteria or to be collected and treated prior to discharge to the bay. The Pier 45 Shed C project will efficiently piggyback onto the Port's previous environmental assessment at fisherman's wharf while expanding the state-of-the-art home for the commercial fishing industry. The Shed C project will provide modern, separate waste water systems for both industrial waste water and storm water. The Shed C project will do that by incorporating and enhancing the existing storm

water collection and treatment system that serves the valley area. In combination, the systems for both storm water and waste water will address concerns that the Regional Board has expressed regarding fish processing facilities throughout the Port. Tenants who choose to occupy space in Shed C can be assured that suitable infrastructure will exist at the new facility to enable them to comply with existing and future laws and regulations. The suitability of other Port areas for fish processing is an going point of discussion with the RWQCB. The modern waste water and storm water systems available at Pier 45 do not exist everywhere else at the Port or piers where some of our fish processing tenants are located. Combined with laws and regulations regarding waste water and storm water will become ever more difficult for tenants who may choose to remain at those locations as such regulations continue to become more stringent. The Shed C project will provide for modern facility that incorporates the infrastructure to enable the fish processing tenants to readily achieve compliance with water quality regulations. The increased compliance will result in water quality improvement for San Francisco waterfront as citywide community goal. The project will provide this infrastructure as cost efficiently as possible by building upon the existing commercial fishing successes at Pier 45 and Hyde Street Harbor.

John Zoranovich, Project Architect, discussed the engineering design and traffic issues. He highlighted the two key issues: (1) parking & traffic; (2) sewer system design. Port's staff has analyzed parking counts in the valley for current conditions and for two proposals. The proposals increased parking in the following areas: (1) loading docks +3; (2) truck staging area +4; (3) car parking, no loss, but a potential to add one or two spaces. Truck positioning is worked to simplify and reduce congestion in the valley. Angled parking will be implemented throughout the valley as part of a separate concurring project based on reports by traffic engineers, Rajappan & Meyer. The safety modifications are in reference to the concerns by the trucking lines. Port staff understands that there is a need to improve circulation in the valley. In response to their concerns: New raised apron & ramp at Shed D; new angled loading docks @ Shed D; new ramps and loading docks @ Shed C; improved pedestrian circulation and ADA Compliance. Port staff has heard concerns about the design of the industrial sewer associated with the fish processing industry. The floor drain is the tenant's responsibility. It is currently maintained by the tenant at Sheds B and D. The drain will be installed in Shed C. A lateral drain that leads to an interceptor box is maintained on a daily or weekly basis. The interceptor has two screens: one is a basket that is removable and the other is a permanently fixed screen e.g. the solids get passed the floor drain, flow to the lateral are captured in the basket, removed through the maintenance procedure which prevents them from clogging the fixed screen or getting passed the screen and into the main industrial sewer. The interceptor and the lateral drain are the tenant's responsibility. In Shed C, the box will be provided and the tenants will install it wherever they wish. The six-inch industrial sewer main will be maintained by the Port. The sanitary sewer is separate from the industrial waste.

In-house engineer has done a calculation that shows the capacity is three to 20 times the anticipated demands. Mr. Howard Pon has reviewed the design of the in-house engineer and confirmed that the Port design is adequate. Port staff has checked with Dr. Robert

Price of U.C. Davis who was recommended by the community. The conclusion is that the Port's design meets or exceeds the design standards for the food processing industry. Members of the community brought in an outside engineer with special knowledge in the design of food processing facilities. He also confirmed the adequacy of the design. Once it was recognized that the concerns of the community were not design related, the Port instituted new management and maintenance procedures that are aimed at improving sewer performance. The purpose of the Shed C project from the beginning has been to support the fishing and fish processing industries as well as to improve the environmental quality along the waterfront. The design process is integral to the on-going community process described by Mr. Bennett. Overall, the project is on schedule and will be put out to bid in July. Construction will commence in October and the project is expected to be completed in early 2004.

Elliott Riley, Sr. Property Manager, discussed the asset management issues for the Pier 45 area. The dialog on this project will remain open throughout the course of the project. During the course of the Fisherman's Wharf Advisory Group meetings, one of the major concerns raised by the tenants at Pier 45 are the maintenance items. In response to those concerns expressed by the processors, Port staff has initiated a preventative maintenance program designed to focus on working with the processors to keep the drains clear and ensure that the common areas remain free of trash and stored materials. The bimonthly inspection program coupled with a pro-active Port maintenance drain cleaning program will greatly improve the standards at Pier 45. Concerns have been expressed that the Pier 45 Shed C project does not address the parking needs of existing and future tenants. Port staff believes that the Pier 45 Shed C project can handle the parking needs of Pier 45 Shed C by utilizing the interior corridor of the shed to accommodate truck parking. Employees of the fish processors who currently park their vehicles at Pier 45 Shed C will be directed to the triangle parking lot. The operator of this lot, Richard Stein, has agreed to meet the needs of these individuals by providing parking from 3 a.m. until noon daily. Port staff believes that the Pier 45 valley will accommodate the needs of tenants who require overnight parking for their working vehicles. In the event that this area is not sufficient, the Port is proposing to accommodate these needs on an off-site location. Port staff is currently preparing a Pier 45 Shed C lease which would be ready for presentation at the May 28 Commission meeting. Staff anticipates that this lease will be substantive similar to those leases currently in place at Pier 45 Sheds B and D. Staff intends to enter into leases with the tenants prior to initiating construction. Staff plans to contact its existing fish processing tenants upon approval of the lease by the Port Commission.

Mr. Dailey reiterated Mr. Bennett's comments that planning is not over. When Sheds B and D were being built, staff was planning days before the slabs were poured. Staff will continue to work with the industry and listen to their input. Staff will work with them throughout the process, through the established committees and proper venues.

Bill Dawson, Seafood Suppliers, Inc. @ Pier 33, indicated that this project didn't accommodate and doesn't accommodate any maritime operations. They have been promoting the local fisheries and have been pretty successful in the industry. They

don't see how they can keep their business and move to Shed C because of the cost to build the state-of-the-art facility. It will only be a state-of-the-art facility with the tenants' investment which is estimated to be up to $1 million. He doesn't believe that a lender would finance that kind of capital cost given the fact that it's a short term lease. Mr. Dawson also commented about the dilapidated state of the pier. Pier 33 is suffering from lack of maintenance. The roof has not been repaired in 40 years. According to staff, they can't patch the roof because it has been patch many times. The pier's structure is solid. The bulkhead, which includes Pier 33 North, Lapis Restaurant and Pier 33 South have structural problems. He would like to improve the Pier 33 facility but was told that he can't stay there although there are no plans for the pier. They are in compliance with every regulatory agency including the State Department of Health Services. He spoke with Michael Hernandez and his concerns about Pier 45 are not inside the structure but with the congestion and traffic flow. As a representative on two committees regarding food safety, Seafood Suppliers are in complete compliance. The storm water management program they have put into effect to comply with the EPA and Water Quality Control Board was done immediately at no small expense. They hired an environmental service and spent a lot of money to test the water. The Port failed to repair the roof to reduce the amount of rain water. He does not understand why the Port is not as concern as they are about protecting the bay.

Peter Pomilia, North Coast Fisheries, indicated that over the last couple of months, the Port has been very cooperative and helpful in trying to meet their needs and their problems at Shed C. North Coast Fisheries is located directly across from the loading docks. It will create a lot of undue traffic for his company and would be an interruption to their business. It will create lack of access to his "will-call" customers and it will restrict his business growth. The Port is proposing off-site parking for fishermen and storage for their products. Bringing the Pier 28 & 33 tenants to Shed C would be a benefit but shuttling the trucks back and forth and without having easy access to their products would not be beneficial to their business. If everything is located off site, he thinks they should be off site where their products are located. Truck and foot traffic coming in and out of the pier will increase because of the other companies relocating to the pier and it will create a safety hazard. Originally the compactor was to be set up at the end of the pier where the unloading docks are but has since been moved to inside the shed. The relocation of the compactor would pose as an extra problem for them. Shed A would be an asset to completing Shed C. The synergy at Pier 45 is fine but once everyone moves in, it will be a traffic nightmare. He asked the Commission to examine these important issues more carefully.

Paul Johnson, MFM Seafood, 24-year tenant of the Port, indicated that his relationship with the Port has come to a watershed. He feels he can no longer be a tenant at Per 33. The roof leaks and the floors do not drain. Worst of all, the next tenant has horse manure all over the pier, which is a health hazard. To continue his relationship with the Port, he needs to move to Pier 45 Shed C, a clean facility dedicated to the fish processing industry. However, in order to get a bank loan to build the space, he would need a long-term lease. He is in favor of the Shed C project and plans to be a tenant. Shed A is a needed addition to the mix for educational center and extra parking. Using

Shed A would alleviate a lot of the congestion problems and traffic flow at Shed C.

Mel Wickliffe, Alber Seafoods, indicated that he is in support of the Shed C project and feels lucky to be a current tenant in Shed B Unit 4. It would be a real asset to the Port as it is a world-class facility. If they could overcome a few minor problems with Shed C, the City and the Port should be proud. With Paul Johnson's employees, there are over 270 employees at the wharf. Parking is badly needed. He has three parking spaces in Shed C that he has to let fishermen that deliver fish to them use on a 24-hour basis. The Hyde Street pier has not provided enough parking for fishermen. They have a real parking problem. The triangle is a great location but 3 a.m. to 12 p.m. would not be feasible. A lot of the operation is 24 hours, seven days a week especially during the herring season. They need 24-hour parking or it won't work. To have a first-class facility, part of Shed A would be needed. They don't have enough parking. In the original plan, Shed B was not taken into consideration but has since been incorporated. The trickle effect would be more severe if we get more tenants.

Dan Strazzullo, All Shores Seafood @ Pier 45 Shed B, indicated that as a third generation in the San Francisco wharf fishing industry, he appreciates that the Port and staff are trying to develop Shed C. While staff has met with most of the current and proposed future tenants numerous times and listened to their concerns, some of their solutions show lack of understanding of the fish industry in particular and business in general. One solution was having a delivery truck at a remote site with a shuttle running back and forth or taking pictures that show conditions at Pier 45 at 3 in the afternoon. Currently, there are 17 doors between Sheds B and D which holds 34 trucks. Listed on page 2 of his handout are the 18 firms currently at Pier 45 with 62 trucks. He claims nobody did any survey on this. Listed on page 3 are the estimated54 companies that pick up products at Pier 45; some pick up many times during the day. Listed on page 4 are at least 41 trucks that deliver or perform services on Pier 45. Most of these are tractor-trailer. When these big rigs are backing into a loading dock, they shut down the two lanes in the valley. When they are backed in either at an angle or straight on, they shut down one lane. There are now at least 157 trucks going through the valley. At times with only one or no lanes open. The Port is proposing to add at least four new companies with approximately 38 trucks, excluding employee trucks. The problem will only get worse. Listening to the statements from Port staff, one would believe there is support from the industry when the main support is coming from the Fisherman's Wharf Advisory Group and only three Pier 45 tenants are members. He has a letter signed by almost all of the companies at Pier 45 including the three on the waterfront advisory group voicing their concerns about the project. Page 7 is a letter signed by the three tenants expressing their concerns. Pages 8-12 are letters from some of the truck companies that deliver to Pier 45. Pages 13-18 are pictures showing the traffic and congestion problems. Shed C will not provide additional space for the fishing industry. They will lose the spaces at Piers 33 and 28 when those tenants move to Shed C. The fishing industry has been ignored and pushed to the background for too long. Pier 45 is a chance to make things right but it didn't happen. No one realized how big the companies that move into Pier 45 would become and how crowded it would be. There is not a place for tourists to see a boat unload or a fish cut safely. Fisherman's Wharf

should not be known for t-shirts or taking a picture with a freak. Page 19 is a magazine article about fisherman's wharf. Coming to fisherman's wharf and seeing no fish or fishermen is like going to Disneyland and not seeing Mickey Mouse. He urged the Commission to develop Sheds A and C in order to correct some of the problems and make things a lot better for everyone.

Charlie Akwa, North Atlantic Seafood @ Pier 45, indicated that her space is located at the end of Shed B, the site for the proposed wide turn. When this project was brought up for consideration a year and a half ago, she supported it only on the condition that the design team would endeavor to understand the specific needs of their industry including interacting with the various agencies as well as correcting the original design flaws for Sheds B and D which made the operation extremely challenging from an operational perspective. She was encouraged by Commissioner McCarthy to become actively involved in the design process to ensure that these issues would be addressed. She has participated in most of those meetings both public and one-on-one with various members of the design team. She has been left with the feeling that while the staff may be compelled to listen to their concerns, there has been very little effort made to actually understand the fundamental problems with this plan and find real workable solution or admit some may not exist. For example, she recently voiced a grave concern about one aspect of the plan at the last tenant's meeting. Port staff's response was "Well, that's just the way it's going to be." If their concerns and their input really is important as the Commission is being led to believe, they would be hearing more support from the tenants not universal opposition and this project would not have degenerated to the state that it has been at this point. She was also concerned about the lack of concern for the many safety issues that this project has raised and has not been addressed. An example of the lack of insight is the proposed wide turn. The wide turn is extremely dangerous and it will caused trucks to back up through the valley and up into the breezeway which is now an active roadway for most of the forklift traffic from the back of the building up into the front and loading of trucks. It also obstructs traffic of any kind while those trucks are doing their wide turn. In the last two weeks, she watched over six vehicles try this supposedly wide turn. It has taken over 25 minutes per truck to accomplish it. Some could not do it at all without direction and in the meantime, access to her facility is being blocked as well as H&N Fish Company. She and H&N have access to her facility on the side of the building. The proposed project blocks access and it is a violation of her lease. She does not understand why the Port is avoiding and ignoring lease provisions in the name of furthering development once again. Another misconception that has been raised again is the health concerns on Pier 33 and 28. They are not the concerns of the tenant but rather the Port because of lack of maintenance and poor choice of tenants. The Port is asking them to spend a half a million to $1 million to build out in a facility that is not suitable for them. She seriously urged the Commission to consider the interest of the tenants at Pier 45 and those of the four displacees over the wishes of the various other factions who seem to have an interest. The true professionals are the processors. They know by experience what is workable and what is not. They work in this situation 6 or 7 days a week and not one of the members of the Port's core team can make such a claim nor can anyone else from the well-meaning public. She reminded the Commission of a quote from John

Zoranovich, who has described the project at Pier 45 as the act of taking one gallon of pickles and putting it in a one quart jar. The only way to solve that problem is make the jar bigger or get rid of some of the pickles. Either Shed A needs to be included in this project or abandon it and use the money to fix the current problems at Pier 45.

Steven Kingsley, manages Morgan Fish and Polar Ice Company, pointed out that over 90% of their revenue is derived entirely from fishing boat, not bought from the airport or the truck lines. On June 24, 1997, the Port Commission adopted the Waterfront Land Use Plan which included as its first objective for the Fisherman's Wharf Waterfront: "Restore and expand Fisherman's Wharf as a working fishing port." On October 14, 1997, the Commission also adopted guidelines regarding long-term uses for Pier 45 Sheds A and C which included that "Shed C be reserved for fishing industry uses including fish processing and wholesaling, truck access, storage and employee parking." He was concerned that the development plan, as currently proposed, is not consistent with those resolutions. Storage is currently provided at Pier 45 Shed D and on Piers 28 and 26. He recommended that storage for the fishing vessels be included in Sheds A & C. To pay $60 a month for parking would be an added burden to the employees. The triangle parking lot will not address the employee parking needs. He hopes that the fisherman's storage and employee parking will be included into the development plan for Shed C. He also supports the recommendation to bring Shed A into the development of Pier 45.

Charlie Akwa read Tim Ports's letter, owner of Fresh Fish Co. at Pier 28, delineating his concerns regarding this project (a copy of which is on file the Commission Secretary).

Nan Roth, Telegraph Hill Dwellers, indicated that she, too, has been involved with this planning process for a long time. The Telegraph Hill Dwellers welcomed the increased interest in recent years on the part of the Port in supporting the fishing industry through the recently completed construction of state-of-the-art berthing facilities at the Hyde Street Harbor and the ongoing conversion of Pier 45 for fish processing. They commended the Port for both these recent improvements and its ongoing efforts to further address the needs and concerns of the fishing industry, particularly through the expansion of the fish processing facilities at Pier 45. Keeping the fish at Fisherman's Wharf is a citywide concern. They are grateful that increasing numbers of fish processors feel that the benefits of being closer to their sources and market outweigh the inconveniences associated with the daily hassle of a highly congested tourist attraction. They are also impressed with the willingness of both the Port and the industry to work together to resolve operational issues as they arise. All parties have shown patience and diligence in working together to assure that the facilities at Pier 45 meet the needs of the users to the maximum extent possible. They strongly urged the Commission to continue its support of this important project and to make every effort to see it through to completion as expeditiously as possible.

She noted that during the Fisherman's Wharf Waterfront Advisory Group meetings, it seemed that many of the problems have been resolved with staff. Port staff discussed

the issues and seemingly reached agreement with the tenants. She was appalled to hear the comments from the speakers today stating there has been no effort whatsoever, when there was. There are many people with the Port that really cared deeply about this project and wants to see it proceed. She hopes that the Commission would continue to support them in that endeavor.

Ernestine Weiss agreed that parking could be a nightmare on the waterfront with the ongoing development. In order for the fishing industry to be viable economically, easy access for the trucks and storage should be provided. She suggested that the Port should fix the leaky roofs and other things that the tenants raised.

Tom Creedon, Fisherman's Wharf, read Mr. John Caito's letter in support of the Pier 45 project (a copy of which is on file with the Commission Secretary).

Mr. Creedon, chair of the Fisherman's Wharf Waterfront Advisory Group and the EQAC, indicated that the Fisherman's Wharf Advisory Group has done more to promote and accelerate the process in getting the things they need. The Port has been extremely receptive in addressing people's needs. Mr. Creedon addressed some of the issues the speakers raised. Bill Dawson indicated that he was not provided with maritime access when the Port has committed a space between B and D to provide for unloading fish. Peter Pomilia's statement that the Port architect removed the garbage compactors from the end of the valley and provided additional truck parking realizing that their operation will be restricted. The Port provided two parking spots for semi trucks. The Port tried to address those needs. Part of the problem stems from parking abuse. Any given day, there are 40-60 passenger vehicles in the valley. Parking for passenger cars should not be provided in the area of industrial use. Nobody from the fisherman's wharf area provides parking for their employees. There was a comment made about a photograph taken at 3 p.m. in the valley. That was done to point out that we couldn't find the trucks that are stored at Pier 45. The drivers take the trucks home at night. Charlie Akwa is in a bad position where she is exposed to having to deal with the wide turn. He has driven semis before and does not ever remember taking 20 minutes to make a turn. There's probably about 30 feet wide in the area between the two piers excluding the area that's taken by the sewer pumps. With the 30 feet allowance, a truck is only 8 feet wide, a forklift can get passed.

Mr. Creedon emphasized the importance of moving forward with the project. To do otherwise would jeopardize the allotted funding for the project. The water quality issues are being addressed. Addressing the needs of the tenants is really important. Dan Strazzullo did a good job in researching and addressing the needs but that goes further towards coming up with a good resolution. He recommended that the Commission go forward with this project.

In light of all the concerns expressed and without impacting the process of the project, Commissioner McWilliams asked staff to report back or recommend to the Commission on the advisability of employing a facilitator or property manager for the whole facility. Part of the problem might be remedied by having somebody on site to manage these

issues. He also requested for a recommendation from staff regarding the speakers' suggestion to use or expand into Shed A to address their needs.

Commissioner McCarthy indicated that this process must proceed. The key issues that the speakers raised were parking and storage. Those were the same issues when Sheds B and D were being developed but they were subsequently resolved. Several people testified about the number of trucks parked in the valley for 24 hours. More effort must be put into resolving the parking and traffic issue. This industry is being developed in a very tight location and everybody has to give a little bit to help the situation. The priority has to be given to the vehicles that are absolutely needed for the transaction of business. Employee vehicles may or may not be accommodated. A system must be put in place to provide permits for designated employee vehicles that are absolutely essential to the business and this process must be monitored. Parking is a problem in the City and everybody has to deal with it. She was confident that staff is amenable to Commissioner McWilliams' suggestion to designate a manager for the facility. The tenants would be able to talk to or express their concerns directly to the manager. She suggested that the tenants form a group to help manage the facility in order to have a state-of-the-art-facility. She reiterated that management of the facility, having a parking & traffic monitoring system and self-regulation on the part of the tenants and fish processors would help solve the problems. As far as Mr. Dawson's comments regarding off loading and water access, those are issues that can be worked out as well. Mr. Strazzullo has been in the business for a long time. Being a fisherman and a fish processor all these years, one has to be optimistic. She was confident that everything will work out

Commissioner Lee commented that if Shed A could be used for parking, it would solve the parking issue. He inquired about the roof problem at Pier 33 that the tenants complained about. Mr. Alex Lee replied that for many years, the Port had cash problems but his department will be hiring three additional roofers out of the capital project money to address the roofing problem. He offered to personally meet with the tenants at Pier 33 and look at the problem.

Commissioner Brandon thanked staff for a very detailed presentation. She noted that Commissioners McWilliams and McCarthy made very good suggestions on how to make this all work out. She was confident that something right will happen at fisherman's wharf. Controversy always arises and everyone is not going to be happy about something but this is a wonderful project. A lot of time and effort has been put into this project by Port staff and she was confident that it will all work out.

Commissioner Hardeman concurred with the Commissioners' comments and added that the project is moving in the right direction.

C. Request for approval to advertise for competitive bids for the construction of the Pier 52 Parking Lot Project. (Resolution No. 02-12)

Chief Harbor Engineer Nita Mizushima presented the item and requested Commission's

approval to advertise for bids for the project.

Commissioner Brandon asked about the delay of the project. Ms Mizushima replied that during a design review of the project, Port staff discovered that the design had been based on the assumption that the Pier 52 trestle structure acted as a breakwater to protect the boat launch facility from wave action. Port staff felt that the trestle could not be counted upon to provide such protection. Staff is looking at alternatives ranging from putting in a real functional breakwater or redesigning the actual ramps and floats so that they could be removed during the off-season. Because the bay area does not have a distinct bad weather period, Port staff was concerned of having it removed during that period. It would require maintenance staff to dedicate a couple of day's worth of labor to take down the facility and it would also require a storage place. Staff wants to ensure that the option chosen would be in the best interest of the community but most importantly, in the best interest of how the Port monies and staff time are used efficiently.

Mr. John Super, representing the Bayview Boat Club and Mariposa Hunters Point Yacht Club, urged the Commission to pass the resolution for this project.

ACTION: Commissioner Lee moved approval; Commissioner McWilliams seconded the motion. All of the Commissioners were in favor. Resolution No. 02-12 was adopted.

7. NEW BUSINESS/PUBLIC COMMENT

Mike Berline apprised the Commission of his proposal to develop Pier 45 Shed A as a support facility for the fish processors at Shed B, C and D and accommodate the Pampanito and the Red & White Fleet. They see the need to develop Pier 45 Shed A as a processing support facility now because the processors need the support facility as Shed C comes on line. The tenants may use the space for additional production space, cold box, bulk storage, parking or whatever backroom facilities they need. The use will vary from processor to processor. The window to make this project feasible at this time will not last forever. This is an opportune time to coordinate the development of Shed A with Pier 45 projects in general and Sheds C in particular. They are looking at moving ahead and get Shed A to support the fish processors in time for the construction of Shed C. He inquired if the Commission would object to their developing a firm lease proposal based on the above facts.

Commissioner Hardeman directed him to contact appropriate staff to discuss his proposal.

8. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Lee moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

At 5:55 p.m., the Commission withdrew to executive session to discuss the following:

B. CLOSED SESSION

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER (DISCUSSION ITEM):

a. Discuss existing litigation matter pursuant to subdivisions (a) and (d) of the California Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d) (1 case).

- As Defendant: F. Alioto Company, Inc. et al. v. City and County of San Francisco, et al., San Francisco Superior Court Case No. 318360. Action filed January 25, 2001.

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative. *

a. Property: Bryant Street Pier
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*San Francisco Cruise Terminal LLC: Glen Elkington

b. Property: Rincon Park Restaurant Site
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*Rincon Park Restaurants, LLC: Reed Hearon

c. Property: Pier 26
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*International Museum of Women: Elizabeth L. Colton

d. Property: Pier 96
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*West Coast Recycling/Norcal: Don Gamblin

e. Property: Pier 7
Person Negotiating: Port: Theresa Picon, Director of Real Estate
*Waterfront Restaurant: Al Falchi

f. Property: Pier 92
Person Negotiating: Port: Theresa Picon, Director of Real Estate
*Pacific Cement: Rick Ramirez

9. RECONVENE IN OPEN SESSION

At 8:10 p.m. Commissioners Hardeman, McCarthy and McWilliams withdrew from

executive session and reconvened in open session. Commissioners Brandon and Lee left the meeting early.

ACTION: Commissioner McCarthy moved approval to not disclose any information discussed in executive session. Commissioner McWilliams seconded the motion. All of the Commissioners were in favor.

10. ADJOURNMENT

The meeting was adjourned at 8:12 p.m.

SAN FRANCISCO
PORT COMMISSION

DOCUMENTS DEPT.

MAY 9 2002

SAN FRANCISCO
PUBLIC LIBRARY

REGULAR MEETING
4:00 P.M., TUESDAY, MAY 14, 2002
BAYSIDE CONFERENCE ROOM
PIER 1, SAN FRANCISCO, CA 94111

AGENDA

1. **ROLL CALL**

2. **APPROVAL OF MINUTES** - April 23, 2002 Regular Meeting

3. **EXECUTIVE**

   A. Executive Director's Report
   - Maiden Voyage – Star Princess
   - KFOG Kaboom at Pier 30/32

4. **MARITIME**

   A. Request for approval of the 5-Year Marine Terminal Agreement with Star Shipping AS at Pier 80. (Resolution No. 02-13) (Staff report provided to the Commission.)

5. **NEW BUSINESS/PUBLIC COMMENT**

   Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to all Commissioners for review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

6. **EXECUTIVE SESSION**

   A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

   B. CLOSED SESSION

      (1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING AND ANTICIPATED LITIGATION MATTERS:

a. Discuss existing litigation matter "as defendant" pursuant to subdivisions (a) and (d) of the California Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d) (1 case).

- Alette Temple v. Sinbad's Pier 2, Inc., San Francisco Port Authority, et. al. United States District Court Case No. C-01-02834WHA.

b. Discussion and action of anticipated litigation matters "as defendant" pursuant to Section (b) of California Government Code Section 54956.9. A total of (5) five cases, including:

- Bistro Z, LLC: Discuss proposed settlement of potential litigation and action.
- John Powers: Discuss proposed settlement of potential litigation and action.
- Railamerica, Inc. and David Singlestad, jointly and severally: Discuss proposed settlement of potential litigation and action.

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative.*

a. Property: Pier 70 Opportunity Area
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*San Francisco Arts Future Consortium (SFAFC): Christopher Meany
*AMB, LLC, Inc.: Luis Belmonte

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 70.

b. Property: Bryant Street Pier
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*San Francisco Cruise Terminal LLC: Glen Elkington

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at the Bryant Street Pier.

c. Property: Pier 1
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*AMB LLC: Luis Belmonte

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations regarding Pier 1.

d. Property: Piers 1-½, 3 & 5
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*San Francisco Waterfront Partners, LLC: Simon Snellgrove

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations regarding Port property located at Piers 1-½, 3 & 5.

e. Property: Pier 92
Person Negotiating: Port: Mark Lozovoy, Asst. Deputy Director, Real Estate
*Pacific Cement: Rick Ramirez

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 92.

f. Property: Pier 7
Person Negotiating: Port: Carol Anderson, Asst. Deputy Director, Real Estate
*Waterfront Restaurant: Al Falchi

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations regarding property located at Pier 7.

g. Property: Pier 96
Person Negotiating: Port: Mark Lozovoy, Asst. Deputy Director, Real Estate
*West Coast Recycling/Nor Cal: Don Gamblin

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations regarding property located at Pier 96.

7. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12

B. Vote in open session on whether to disclose any or executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

8. ADJOURNMENT

Staff Reports: Explanatory Documents available to the public are posted on the Port's Website at www.sfport.com.

MAY/JUNE 2002
CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
May 14	4:00 p.m.	Port Commission	Bayside Conference Room @ Pier 1
May 28	4:00 p.m.	Port Commission	Bayside Conference Room @ Pier 1
June 11	4:00 p.m.	Port Commission	Bayside Conference Room @ Pier 1
June 25	4:00 p.m.	Port Commission	Bayside Conference Room

NOTES:
The San Francisco Port Commission meets regularly on the 2nd and 4th Tuesday of the month at 4:00 p.m., unless otherwise noticed, in the Bayside Conference Room @ Pier 1. Contact Amy Quesada at 274-0406 to be placed on the mailing list for Commission meeting agenda. ***The Commission Agenda and staff reports are also posted on the Port's Website @ www.sfport.com.***

The Fisherman's Wharf Waterfront Advisory Group meets regularly on the 3rd Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Person: Kirk Bennett @ 274-0545.

The Maritime Commerce Advisory Committee (MCAC) meets every other month on the second Wednesday at 11:30 a.m. in Bayside 1 @ Pier 1. Contact Person: Jill Simpson @ 274-0519. The May 8th meeting is cancelled and rescheduled to June 12th. The rest of the schedule is as follows: June 12, 2002 (moved from May 8th); July 10, 2002, September 11, 2002, and November 13, 2002.

The Mission Bay CAC meets regularly on the 2nd Thursday of the month, from 5:00 to 7:00 p.m. at the Mission Bay Visitor Center (255 Channel Street). Please contact Tiffany Bohee at 749-2481 for more information.

The Northeast Waterfront Advisory Group meets regularly on the 1st Wednesday of the month at 4:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Person: Kirk Bennett @ 274-0545.

The Pier 70 Advisory Group meets monthly on an as-needed basis generally on the 2nd Wednesday of the month from 4 to 6 p.m. at the Potrero Campus of the California College of Arts and Crafts, Board Room, 1111 – 8th Street between Irvin and Hooper. Contact Person: Mark Paez @ 705-8674.

The Rincon Point-South Beach CAC meets regularly on the 3rd Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Please contact Tiffany Bohee at 749-2481 or 749-2400 for more information.

The Southern Waterfront Advisory Committee (SWAC) meets every 4th Monday of the month. Location to be determined. Contact Person: Diane Oshima @ 274-0553.

The Waterfront Design Advisory Committee meets the 3rd Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conference Room @ Pier 1. Contact Person: Dan Hodapp @ 274-0625.

Port Website: Check out the Port's Website at **www.sfport.com.**

ACCESSIBLE MEETING INFORMATION

Getting to Pier 1:

Pier 1 on the Embarcadero, at the foot of Washington St. The Embarcadero Station is the closest BART and MUNI Metro stop, located below Market St. at Drumm & Spear Streets. The nearest F-Line streetcar stop is on the Embarcadero at Washington St. MUNI bus lines serving the Pier 1 area are the 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142.

The nearest accessible parking is provided in the following off-street pay lots:

A) 1 space in the surface lot on the west side of the Embarcadero at Washington St.
B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets
C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington St. and Drumm St.

Pier 1:

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Commission Bayside meeting room. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Commission meeting room.

Accessible meeting information policy:

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Kevin Jensen, ADA Coordinator, at 274-0555. The Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance. Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, please contact Donna Hall, Administrator at 554-7724; fax 554-5163; e-mail address Donna_Hall@ci.sf.ca.us; City Hall, Room 244, One Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4689. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Ordinance Task Force, the San Francisco Public Library and on the City's Website at www.ci.sf.ca.us/bdsupvrs/sunshine.

Lobbyist Registration and Reporting Requirements. Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code §2.100) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

PORT OF SAN FRANCISCO

MEMORANDUM

May 8, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Denise McCarthy
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: **APPROVAL OF THE STAR SHIPPING AS 5-YEAR MARINE TERMINAL AGREEMENT**

DIRECTOR'S RECOMMENDATION: APPROVE THE 5-YEAR MARINE TERMINAL AGREEMENT WITH STAR SHIPPING AS AT PIER 80.

The Port has concluded negotiations for a five-year Marine Terminal Agreement with Star Shipping AS for use of Pier 80. Star's service, carrying breakbulk newsprint and steel, will call San Francisco from Asia once a month, with the potential of calls in San Francisco on their other services from South America and Europe. The agreement includes the following terms:

Material provisions of the agreement include the following: (i) five year term, commencing April 1, 2002 with the ability of either party to terminate as of each March 31; (ii) reduced wharfage and dockage rates based on an annual Volume Incentive Program; and (iii) nomination of Pier 80 as their regular published Bay Area port of call for their Asian service.

If Marine Terminals Corp. ceases operations at Pier 80, the Agreement also allows termination by either Port or Carrier if they are unable to reach agreement with a new management contractor.

Annual revenue for the Star agreement is estimated at a minimum of $150,000 from wharfage and dockage. As Star vessels have their own cranes, crane rental will be minimal. Revenue will increase if the other Star services call at the Port.

A copy of the agreement is attached hereto.

Prepared by: Jill Simpson, Maritime Marketing Manager

THIS PRINT COVERS CALENDAR ITEM NO. **4A**

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-13

WHEREAS, Star Shipping AS desires to enter into a Marine Terminal Agreement with the Port for use of Port's marine terminal facilities; and

WHEREAS, said Agreement grants Star Shipping a Volume Incentive Program offering reduced dockage and wharfage charges for the utilization of Pier 80 as their regularly scheduled Northern California port of call; and

RESOLVED, that the San Francisco Port Commission approves the Marine Terminal Agreement Star Shipping AS in substantially the form of which is on file with the Secretary of the Port Commission for this agenda item; and, be it further

RESOLVED, that the Port Commission authorizes the Executive Director (i) to enter into the Agreement; (ii) to make any necessary refinements to the Agreement as are approved by the City Attorney; (iii) to file the Agreement with the Federal Maritime Commission; and (iv) to take all such further actions as are necessary to put the Agreement into effect.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of May 14, 2002.

_____
Secretary

DOCUMENTS DEPT.

MAY 23 2002

SAN FRANCISCO
PUBLIC LIBRARY

SAN FRANCISCO
PORT COMMISSION

MAY 14, 2002
MINUTES OF THE REGULAR MEETING

MEMBERS, PORT COMMISSION

HON. MICHAEL HARDEMAN, PRESIDENT
HON. KIMBERLY BRANDON, VICE PRESIDENT
HON. DENISE McCARTHY
HON. BRIAN McWILLIAMS
HON. PIUS LEE

DOUGLAS F. WONG, EXECUTIVE DIRECTOR

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE REGULAR MEETING
MAY 14, 2002

1. ROLL CALL

Commission President Michael Hardeman called the meeting to order at 4:00 p.m. The following Commissioners were present: Michael Hardeman, Kimberly Brandon, Denise McCarthy, Brian McWilliams and Pius Lee.

2. APPROVAL OF MINUTES - April 23, 2002 Regular Meeting

ACTION: Commissioner McWilliams moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; the minutes of the April 23, 2002 meeting were approved.

3. EXECUTIVE

A. Executive Director's Report: Mr. Wong reported the following:

- Maiden Voyage – Star Princess: Last Tuesday the largest cruise ship to have ever entered the Pacific - the STAR Princess - graced the waterfront for the first time, bringing more than 3,500 visitors and crew members to San Francisco for a memorable overnight stay. At the last moment the ship bypassed its scheduled stop at Monterey and came to San Francisco instead. Fortunately, the diligent efforts of the maritime operations staff and our terminal operator, Metropolitan Stevedore Company, allowed us to welcome the ship fully prepared and without incident.

  Since the Star Princess is 40% bigger than the largest cruise ship, it was extremely important that our dredging plan be completed prior to the beginning of the heavy cruise season and this ship's arrival. He commended the Port's dredging team of Jay Ach, Lisa Ising, John Davey, Tom Bower, Leo Bragagnolo, and Alan Nevling - for seeing through the timely and successful completion of this project.

  The Star's unexpected overnight stay generated significant revenues throughout the City as its presence create quite a stir. Local media picked up the story and broadcast positive reports about the Star's visit to San Francisco on the evening news, pointing out that Monterey lost their call because the ship couldn't handle anchoring in rough waters there and again highlighting just how important it is to have a good cruise facility.

  On Wednesday, Port Commissioners, Supervisor Aaron Peskin, Port staff and some of the critical cruise industry partners joined together aboard the ship to welcome the Star and Princess Cruises to the Port and City of San Francisco. He met with

Phil Kleweno, the President of Princess cruises, about the Port's increase in passenger cruising, the plans for a new and better cruise terminal, and the City's dedication to supporting this vital sector of the Port's Maritime book of business. This year, Princess will homeport the Regal Princess for the entire Alaska season. This will be the largest cruise ship to be homeported in San Francisco's history, and will result in Princess Cruises accounting for over 65% of all cruise passengers visiting the City this year - the biggest cruise year the Port had in fifteen years.

- KFOG Kaboom at Pier 30/32: The 9th annual KFOG Kaboom music festival and fireworks display was held at Pier 30/32 last Saturday, May 11th. The police department estimated that the event attracted more than 200,000 spectators. The crowd enjoyed daytime music and night time spectacular fireworks. He thanked Jeff Bauer and other Port staff for their efforts in making it a successful event.

4. MARITIME

A. Request for approval of the 5-Year Marine Terminal Agreement with Star Shipping AS at Pier 80. (Resolution No. 02-13) **This item was taken off the calendar.**

5. NEW BUSINESS/PUBLIC COMMENT

Ernestine Weiss requested the Port to provide seating accommodations for the disabled at the new ferry terminal located on the south side of the Ferry Building.

6. EXECUTIVE SESSION

ACTION: Commissioner McWilliams moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

At 4:06 p.m., the Commission withdrew to executive session to discuss the following:

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING AND ANTICIPATED LITIGATION MATTERS:

a. Discuss existing litigation matter "as defendant" pursuant to subdivisions (a) and (d) of the California Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d) (1 case).

- Alette Temple v. Sinbad's Pier 2, Inc., San Francisco Port Authority, et. al. United States District Court Case No. C-01-02834WHA.

b. Discussion and action of anticipated litigation matters "as defendant" pursuant to Section (b) of California Government Code Section 54956.9. A total of (5) five cases, including:

- Bistro Z, LLC
- John Powers
- Railamerica, Inc. and David Singlestad, jointly and severally

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR

a. Property: Pier 70 Opportunity Area
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*San Francisco Arts Future Consortium (SFAFC): Christopher Meany
*AMB, LLC, Inc.: Luis Belmonte

b. Property: Bryant Street Pier
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*San Francisco Cruise Terminal LLC: Glen Elkington
This item was taken off the calendar.

c. Property: Pier 1
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*AMB LLC: Luis Belmonte
This item was taken off the calendar.

d. Property: Piers 1-½, 3 & 5
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*San Francisco Waterfront Partners, LLC: Simon Snellgrove

e. Property: Pier 92
Person Negotiating: Port: Mark Lozovoy, Asst. Deputy Director, Real Estate
*Pacific Cement: Rick Ramirez

f. Property: Pier 7
Person Negotiating: Port: Carol Anderson, Asst. Deputy Director, Real Estate
*Waterfront Restaurant: Al Falchi

g. Property: Pier 96
Person Negotiating: Port: Mark Lozovoy, Asst. Deputy Director, Real Estate
*West Coast Recycling/Nor Cal: Don Gamblin

7. RECONVENE IN OPEN SESSION

At 7:26 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Brandon moved approval of the proposed settlement agreements with Bistro Z, LLC, John Powers and Railamerica, Inc. & David Singlestad. Commissioner Lee seconded the motion. All of the Commissioners were in favor. The settlement agreements were approved.

ACTION: Commissioner Brandon moved approval not to disclose any other information discussed in executive session; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned at 7:27 p.m.

SAN FRANCISCO
PORT COMMISSION

REGULAR MEETING
4:00 P.M., TUESDAY, MAY 28, 2002
BAYSIDE CONFERENCE ROOM
PIER 1, SAN FRANCISCO, CA 94111

DOCUMENTS DEPT.
MAY 23 2002
SAN FRANCISCO
PUBLIC LIBRARY

AGENDA

1. **ROLL CALL**

2. **APPROVAL OF MINUTES** - May 14, 2002 Regular Meeting

3. **EXECUTIVE**

   A. Executive Director's Report

   - Informational Presentation - 75th Anniversary Celebration of Maiden Voyages of Delta King/Delta Queen from Pier 3.
   - Architectural Foundation of San Francisco

4. **MARITIME**

   A. Request for approval of the 5-Year Marine Terminal Agreement with Star Shipping AS at Pier 80. (Resolution No. 02-13) (Staff report provided to the Commission.)

5. **PLANNING & DEVELOPMENT**

   A. Request for approval of sublease for Port Commission Hearing Room at the Ferry Building. (Resolution No. 02-14) (Staff report provided to the Commission.)

   B. Request for approval of Extension of Exclusive Negotiations with San Francisco Waterfront Partners, LLC for the Piers 1-½, 3, & 5 Project. (Resolution No. 02-15) (Staff report provided to the Commission.)

   C. Informational presentation regarding proposed lease amendment for West Coast Recycling at Pier 96. (Staff report provided to the Commission.)

6. **NEW BUSINESS/PUBLIC COMMENT**

   Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments

before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to all Commissioners for review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

7. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative. *

a. Property: Pier 70 Opportunity Area
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*San Francisco Arts Future Consortium (SFAFC): Christopher Meany
*AMB, LLC, Inc.: Luis Belmonte

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 70.

b. Property: Piers 27-31
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*Mills Corporation: Steven J. Jacobsen

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Piers 27-31.

c. Property : Pier 96
Person Negotiating: Port: Mark Lozovoy, Acting Real Estate Director
*West Coast Recycling/Norcal: Don Gamlin

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 96.

d. Property: Pier 43-½
Person Negotiating: Port: Mark Lozovoy, Acting Real Estate Director
*Franciscan Restaurant: Kevin Westlye

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 43-½.

8. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12

B. Vote in open session on whether to disclose any or executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

9. ADJOURNMENT

Staff Reports: Explanatory Documents available to the public are posted on the Port's Website at www.sfport.com.

MAY/JUNE 2002
CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
May 28	4:00 p.m.	Port Commission	Bayside Conference Room @ Pier 1
June 11	4:00 p.m.	Port Commission	Bayside Conference Room @ Pier 1
June 25	4:00 p.m.	Port Commission	Bayside Conference Room @ Pier 1

NOTES:
The San Francisco Port Commission meets regularly on the 2nd and 4th Tuesday of the month at 4:00 p.m., unless otherwise noticed, in the Bayside Conference Room @ Pier 1. Contact Amy Quesada at 274-0406 to be placed on the mailing list for Commission meeting agenda. ***The Commission Agenda and staff reports are also posted on the Port's Website @ www.sfport.com.***

The Fisherman's Wharf Waterfront Advisory Group meets regularly on the 3rd Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Person: Kirk Bennett @ 274-0545.

The Maritime Commerce Advisory Committee (MCAC) meets every other month on the second Wednesday at 11:30 a.m. in Bayside 1 @ Pier 1. Contact Person: Jill Simpson @ 274-0519. The schedule is as follows: June 12, 2002 (moved from May 8th); July 10, 2002, September 11, 2002, and November 13, 2002.

The Mission Bay CAC meets regularly on the 2nd Thursday of the month, from 5:00 to 7:00 p.m. at the Mission Bay Visitor Center (255 Channel Street). Please contact Tiffany Bohee at 749-2481 for more information.

The Northeast Waterfront Advisory Group meets regularly on the 1st Wednesday of the month at 4:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Person: Kirk Bennett @ 274-0545.

The Pier 70 Advisory Group meets monthly on an as-needed basis generally on the 2nd Wednesday of the month from 4 to 6 p.m. at the Potrero Campus of the California College of Arts and Crafts, Board Room, 1111 – 8th Street between Irvin and Hooper. Contact Person: Mark Paez @ 705-8674.

The Rincon Point-South Beach CAC meets regularly on the 3rd Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Please contact Tiffany Bohee at 749-2481 or 749-2400 for more information.

The Southern Waterfront Advisory Committee (SWAC) meets every 4th Monday of the month. Location to be determined. Contact Person: Diane Oshima @ 274-0553.

The Waterfront Design Advisory Committee meets the 3rd Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conference Room @ Pier 1. Contact Person: Dan Hodapp @ 274-0625.

Port Website: Check out the Port's Website at **www.sfport.com.**

DOCUMENTS DEPT.

MAY 23 2002

SAN FRANCISCO
PUBLIC LIBRARY

ACCESSIBLE MEETING INFORMATION

Getting to Pier 1:
Pier 1 on the Embarcadero, at the foot of Washington St. The Embarcadero Station is the closest BART and MUNI Metro stop, located below Market St. at Drumm & Spear Streets. The nearest F-Line streetcar stop is on the Embarcadero at Washington St. MUNI bus lines serving the Pier 1 area are the 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142.

The nearest accessible parking is provided in the following off-street pay lots:

A) 1 space in the surface lot on the west side of the Embarcadero at Washington St.
B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets
C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking.

Metered street parking is available on the Embarcadero, Washington St. and Drumm St.

Pier 1:
The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Commission Bayside meeting room. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Commission meeting room.

Accessible meeting information policy:
In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Kevin Jensen, ADA Coordinator, at 274-0555. The Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance. Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, please contact Donna Hall, Administrator at 554-7724; fax 554-5163; e-mail address Donna_Hall@ci.sf.ca.us; City Hall, Room 244, One Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4689. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Ordinance Task Force, the San Francisco Public Library and on the City's Website at www.ci.sf.ca.us/bdsupvrs/sunshine.

Lobbyist Registration and Reporting Requirements. Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code §2.100) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

PORT OF SAN FRANCISCO

MEMORANDUM

May 22, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Denise McCarthy
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: **APPROVAL OF THE STAR SHIPPING AS 5-YEAR MARINE TERMINAL AGREEMENT**

DIRECTOR'S RECOMMENDATION: APPROVE THE 5-YEAR MARINE TERMINAL AGREEMENT WITH STAR SHIPPING AS AT PIER 80.

The Port has concluded negotiations for a five-year Marine Terminal Agreement with Star Shipping AS for use of Pier 80. Star's service, carrying breakbulk newsprint and steel, will call San Francisco from Asia once a month, with the potential of calls in San Francisco on their other services from South America and Europe. The agreement includes the following terms:

Material provisions of the agreement include the following: (i) five year term, commencing April 1, 2002 with the ability of either party to terminate as of each March 31; (ii) reduced wharfage and dockage rates based on an annual Volume Incentive Program; and (iii) nomination of Pier 80 as their regular published Bay Area port of call for their Asian service.

If Marine Terminals Corp. ceases operations at Pier 80, the Agreement also allows termination by either Port or Carrier if they are unable to reach agreement with a new management contractor.

Annual revenue for the Star agreement is estimated at a minimum of $150,000 from wharfage and dockage. As Star vessels have their own cranes, crane rental will be minimal. Revenue will increase if the other Star services call at the Port.

A copy of the agreement is on file with the Commission Secretary.

Prepared by: Jill Simpson, Maritime Marketing Manager

THIS PRINT COVERS CALENDAR ITEM NO. **4A**

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-13

WHEREAS, Star Shipping AS desires to enter into a Marine Terminal Agreement with the Port for use of Port's marine terminal facilities; and

WHEREAS, said Agreement grants Star Shipping a Volume Incentive Program offering reduced dockage and wharfage charges for the utilization of Pier 80 as their regularly scheduled Northern California port of call; and

RESOLVED, that the San Francisco Port Commission approves the Marine Terminal Agreement Star Shipping AS in substantially the form of which is on file with the Secretary of the Port Commission for this agenda item; and, be it further

RESOLVED, that the Port Commission authorizes the Executive Director (i) to enter into the Agreement; (ii) to make any necessary refinements to the Agreement as are approved by the City Attorney; (iii) to file the Agreement with the Federal Maritime Commission; and (iv) to take all such further actions as are necessary to put the Agreement into effect.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of May 28, 2002.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

May 23, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Denise McCarthy
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of Sublease between Ferry Building Associates, LLC, as sublandlord, and San Francisco Port Commission, as subtenant, for the Port Commission Hearing Room and Ancillary Premises, located in the Ferry Building.

DIRECTOR'S RECOMMENDATION: APPROVE SUBLEASE

BACKGROUND:

In 1998, the Port Commission issued a Request for Qualifications and Proposals ("RFQ/P") to rehabilitate and lease the Ferry Building as a mixed use project. Pursuant to this RFQ/P, the Port Commission by Resolution No. 98-114 awarded to William Wilson and Associates the opportunity to enter into an exclusive right to negotiate with the Port for the project. The RFQ/P included a requirement that the Developer reserve an appropriate place for the Port Commission hearing room in the rehabilitated Ferry Building.

In 1999, the Port Commission approved the form and substance of Lease Disposition and Development Agreement ("LDDA") and Ground Lease ("Lease") with the development entity, Ferry Building Investors, LLC ("FBI") for the historic rehabilitation of the Ferry Building. Pursuant to the LDDA and the requirements of the RFQ/P, the Port and FBI entered into a Term Sheet for the development and sublease back to the Port of the Port Commission hearing room. Material provisions of the Term Sheet included a description of the premises, conditions and terms of use, payment for tenant improvements by FBI, insurance and indemnity provisions, and payment by Port for certain items.

Port staff and FBI have now negotiated the form of Sublease for the Port Commission and Ancillary Premises, consistent with the agreed-upon Term Sheet. Because FBI has assigned the LDDA and Lease to Ferry Building Associates, LLC ("FBA") as part of the historic tax credit

This Print Covers Calendar Item No. **5A**

OF SAN FRANCISCO
TEL 415 274 0400 TTY 415 274 0526 ADDRESS
FAX 415 274 0528 WEB sfport.com San Francisco, CA 94111

transaction (approved by the Port Commission by Resolution No. 01-97), the Sublease will be between FBA, as sublandlord ("Sublandlord"), and the Port as subtenant. A full copy of the proposed Sublease is on file with the Secretary of the Port Commission.

TERMS OF SUBLEASE

The material terms of the proposed Sublease are as follows:

Premises: Approximately 3,300 usable square feet, centrally located on the 2nd Floor waterside of the Ferry Building for the Port Commission Hearing Room and Vestibule, with an additional adjoining 600 usable square feet for exclusive use by the Port Commission (the "Ancillary Premises") for executive sessions, Commissioner's office, and similar office-related uses.

Term: Commencing upon completion of the tenant improvements and delivery of the Premises to the Port, provided for in the Sublease as October 15, 2002, subject to certain allowable delays, through the expiration or earlier termination of the 66-year Master Lease. The Port reserves the ability, in its sole discretion, to terminate the Sublease at any time during the Term without penalty.

Rent: The Port will occupy the Commission Hearing Room and the Ancillary Premises free of rent.

Building Expenses: The Port will pay 50% of its share of building operating costs for insurance, taxes and common area maintenance attributable to the Ancillary Premises. The Port's share of such expenses for the Ancillary Premises is 0.41% of the total costs for the Ferry Building office users. In addition, the Port will pay the following operating costs:

- Costs of additional security actually provided by Sublandlord for Port's use of the Hearing Room beyond the customary security provided until 10:00 p.m. on regularly scheduled Commission Meetings days.

- Costs attributable to the cost of heating, air conditioning, ventilation, janitorial, electricity, elevator service, water, and other services provided to Port after normal business hours for: (i) the Hearing Room with respect to any Port related events other than Port Commission Meetings, and (ii) the Ancillary Premises.

- Costs attributable to Port's special events, including but not limited to the cost of heating, air conditioning, ventilation, lighting, janitorial, security and other services provided by Sublandlord; provided, however, that Port is not responsible to pay any percentage share of building expenses or taxes in connection with special events.

- Other costs incurred in connection with services or other benefits which are provided to Port, but which are not provided to other tenants or occupants of the Building, and the costs of above-standard utilities provided to Port.

Use:

Port's Use.

- Regular Meetings: The Sublease gives the Port the exclusive right to use the Hearing Room at no cost (other than extraordinary security needs) for its twice-monthly regularly scheduled Commission Meetings (currently, the second and fourth Tuesday of each month), plus early access to set-up the Hearing Room. Port may substitute a regular Commission meeting day for a special meeting day upon 45 days prior written notice. The Ancillary Premises are for the exclusive use of the Port.

- Port Related Events. Port has the exclusive right to use the Hearing Room for (i) Port-Related public meetings; (ii) Port-Related special meetings; and (iii) Port-Related ceremonial functions ("**Port Related Events**"), upon 45 days prior notice to Sublandlord. "Port Related" is defined as meetings, gatherings, or events held by or authorized by the Port for purposes of promoting or discussing Port property or activities on Port property. If the Hearing Room is not otherwise committed to other parties, Port may reserve the use of the Hearing Room for Port Related Events upon less than forty-five (45) days written notice.

- Furniture. Port may provide and maintain in the Premises certain furniture for the Port's use (e.g., chairs, tables, speaker's podium, etc...). Port must store the furniture at Sublandlord's request, unless Port agrees to share such furniture with Sublandlord subject to execution of a separate furniture use agreement agreed-upon by the parties. If Port elects not to provide some or all of the furniture within the Premises necessary for Port's use, Sublandlord may provide such furniture upon the execution of a separate furniture use agreement agreed-upon by the parties in their reasonable discretion. Any such agreement for the use of the furniture by either Port or Sublandlord shall include terms whereby the parties shall share the cost of maintaining, repairing, and replacing such furniture, provided however, that any damage that can be identified as being specifically attributable to either Sublandlord or Port or which arises during the period to time that such party has control of such furniture shall be borne solely by such responsible party.

- Audio/Visual Equipment. Pursuant to the Work Letter, Port may install an audio-visual system in the Hearing Room for Port's exclusive use. The audio-visual system will be Port's property and Sublandlord will have no obligations for the system. Port may make its audio-visual system available to third parties on terms determined by Port in its sole discretion.

- Carillon System. The Port retains responsibility to operate and maintain the Carillon System at its sole cost and expense. Port may operate the Carillon System (i) to generate Westminster chimes or equivalent bell sounds to mark each quarter hour from 7:00 a.m. to 10:00 p.m.; (ii) twice a day between 7:00 a.m.

and 10:00 p.m., to play extended musical bell tunes lasting up to 15 minutes; and (iii) on special occasions or holidays. Any other use will require Sublandlord's prior written consent, which shall not be unreasonably withheld or delayed. Port agrees to be responsible for any damage, and agrees to indemnify Sublandlord against any claims, occasioned by Port's maintenance and operation of the Carillon System or its failure to do so. Sublandlord may use the Carillon system for special events upon Port's prior consent, not to be unreasonably withheld, conditioned, or delayed.

- Special Events. Port may use the exterior portions of the Property which are not otherwise leased or licensed to another tenant of the Building, for up to four (4) City related special civic events ("**Special Events**") per calendar year, upon sixty (60) days prior written notice. Use of exterior portions of the Property involving the roof or tower, including lighting equipment, fireworks, or live entertainment on the roof or tower shall only be permitted if such use will not damage or impair such portions of the Property and if the Port or City agree to Sublandlord's reasonable insurance, indemnity, and safety requirements, including, but not limited to, Sublandlord's requirement that the Port or City shall not be entitled to self-insure with respect to such a use and that any such required insurance shall be provided, at the sole cost and expense of Port or City, through a licensed insurance company reasonably acceptable to Sublandlord.

- Tower Access / Siren. Port retains non-exclusive access (together with Sublandlord) to the Ferry Building Clock Tower at all times, subject to at least 24 hours prior notice to Sublandlord and provided that Port shall not interfere with Sublandlord's operation or that of its tenants. In addition, both the Port and the City's office of emergency services shall have the obligation to maintain the existing siren in the Ferry Building Clock Tower in good condition and repair, at their sole cost and expense, and both shall have reasonable access rights to the Ferry Building Clock Tower, upon advance notice to Sublandlord, in order to comply with such obligation and to operate such siren for testing and in cases of emergency.

Sublandlord's Use. Because Sublandlord is paying for construction of the base improvements of the Hearing Room, Sublandlord may use the Hearing Room when not in use by the Port. Subject to the regular Commission Meetings schedule, Sublandlord may reserve the Hearing Room for date(s) more than forty-five (45) days in advance (an "Advance Date") if the Port does not exercise its right of first refusal to use the Hearing Room on the proposed Advance Date. If the Port requires the use of the Hearing Room on the Advance Dates for specific planned events, it will cooperate with Sublandlord to determine alternative Advance Dates for which Port will waive its right to use the Hearing Room for Port Related Events.

Tenant Improvements: Sublandlord will construct certain tenant improvements on behalf of Port, consistent with the terms of a Work Letter attached to the Sublease. Material terms of the Work Letter include the following:

- Scope of Tenant Improvements: Sublandlord is obligated to construct the tenant improvements identified on the final construction documents prepared by Tom Eliot Fisch on April 5, 2002 ("**Tenant Improvements**) as well as any change orders to the Tenant Improvements subsequently requested and approved by the Port. The Tenant Improvements include the following categories of improvements: (a) core and shell improvements to the subleased premises ("**Original Improvements**"); (b) technical improvements requested by the Port to properly conduct its commission meetings and other events in the Hearing Room, consisting of telecommunications, audio/visual and specialty presentation equipment, and data and computer cabling facilities and equipment ("**Technical Improvements**"); and (c) certain modifications to the Original Improvements necessitated by the addition of the Technical Improvements ("**Modifications**").

- Cost of Tenant Improvements:

  The Port is responsible for all costs related to the design, construction and installation of the Technical Improvements and certain Modifications as well as a three percent (3%) development management fee, payable to the Sublandlord for its coordination and direction of the design, construction and installation of the Modifications and Technical Improvements, as follows:

Design Fees	$129,924
Technical Improvements	183,424
Certain Modifications	395,298
Development Fee	21,259
Total Port Work Letter Costs	$729,905

In addition, the Port is responsible for all costs related to any change orders requested and approved by the Port, excess actual costs relating to any of the above categories approved by the Port in advance and costs resulting from Port delays. A 5% contingency in the amount of $42,745 has been budgeted to cover such change order, excess and delay costs. Also, the Port may be liable for up to $125,000 in furniture costs, subject to a separate furniture agreement to be entered into between Sublandlord and Port. These additional budgeted amounts result in a total Port budget for the Tenant Improvements as follows:

Total Port Work Letter Costs	$729,905
Contingency for Work Letter Costs	42,745
Furniture Allowance (Separate Agreement)	125,000
Total Port Budget	$897,650

The Landlord is responsible for all costs (as well as excess actual costs) related to the design, review, construction and installation of the Original Improvements and certain Modifications, as follows:

Original Improvements	$388,000
Certain Modifications	30,204
Total Sublandlord Work Letter Costs	$418,204

In addition to the above constructions costs, the Sublandlord will provide the Port an additional 900 sq. ft. of space, beyond the original size of the premises anticipated at the time the Lease and Development Agreement were signed between the parties, to fully accommodate the Port's use program. The Port will not be charged rent by the Sublandlord for this additional space, the estimated capitalized value of which is $450,000 based on an annual rental rate of $45/sq. ft. and a capitalization rate of 9%. Therefore, the aggregate financial contribution of the Sublandlord to the build-out is as follows:

Total Sublandlord Work Letter Costs	$418,204
Additional 900 sq. ft. of Space	450,000
Total Sublandlord Contribution	$868,204

- Payment of Port Costs: Per the reimbursement provisions of the Work Letter, the Port's anticipated costs associated with the Tenant Improvements will be initially paid by the Sublandlord and then reimbursed by the Port upon the submittal of appropriate documentation. The Port will have the option of reimbursing these costs by electing one or more of the following methods: (a) immediate payment; (b) immediate rent credits applied against the minimum rent due for the Ferry Building from the Sublandlord's related entity; and (c) deferred rent credits or payment (up to 48 months), subject to an annual 11% interest rate. Due to current budget constraints, it is anticipated that the Port's reimbursement of costs will be deferred until at least fiscal year 2003-04.

- Completion Date: The Work Letter requires the Sublandlord to substantially complete construction of the Premises by October 15, 2002. If substantial completion has not occurred within 4 months of that date, the Port may elect to complete construction of the premises on behalf of the Sublandlord. Further, if the Sublandlord delays tender of the premises beyond October 15, 2002, the Port will receive a pro rata credit, based on an annual 11% interest rate, for any construction costs reimbursed to the Sublandlord during the delay period.

Alterations: Port must obtain Sublandlord's consent to future alterations to the Premises, not to be unreasonably withheld. Alterations to the Hearing Room may not materially impair Sublandlord's use for meetings and events.

Maintenance: Port is responsible for maintenance of the Ancillary Premises. Sublandlord must maintain the Hearing Room in accordance with the standards of the Master Lease, except that Port agrees to leave the Hearing Room in first-class and clean condition and agrees to repair damage caused by Port's use, ordinary wear and tear excepted.

Utilities: Sublandlord will provide necessary utilities to the Premises on terms consistent with other similar first class office buildings.

Assignment and Subletting: . Port may not assign or sublet the Sublease without the prior written consent of Sublandlord, which consent may be granted or withheld in Sublandlord's sole and absolute discretion. Notwithstanding the foregoing, (i) if the current duties and role of the Port as a City agency are assigned or transferred to a successor City or State agency and such successor City or State agency continues to use the Premises for the same purposes and uses as the Port, then the assignment of this Lease to such successor entity shall be automatic without any further consent or approval by Sublandlord; and (ii) with respect to an assignment of this Lease by Tenant to some other department, commission or agency of the City and County of San Francisco ("**Permitted Transferee**") Sublandlord shall not unreasonably withhold its consent provided that, in determining the reasonableness of Sublandlord's consent and the appropriateness of an assignment, it shall be reasonable and appropriate for Sublandlord to require that (A) the use of the Ancillary Premises shall be limited to general office use and the use of the Hearing Room shall be limited to public meetings similar in nature and scope to the Port Commission Meetings and (B) no such use, either of the Hearing Room or Ancillary Premises, shall interfere with the other tenants in the Building or adversely affect the value of the Building.

Default: If Port defaults on any of its obligations under the Sublease, Sublandlord may bring a claim for damages (or set-off amounts owed against the rent due Port under the Master Lease), or obtain specific performance or other equitable relief. However, Sublandlord may not bring an unlawful detainer action against the Port to evict the Port from the Hearing Room.

Indemnity: Port agrees to indemnify, defend and hold harmless, Sublandlord against any claims incurred as a result of Port's use of the Premises, except to the extent arising from the negligence or willful misconduct of Sublandlord, or the use of the Hearing Room by third parties other than Port's authorized agents or invitees. Except as otherwise covered by the Port's indemnity, Sublandlord indemnifies the Port against all claims consistent with the terms of the Master Lease.

Prepared by: Neil Sekhri, Deputy City Attorney

PORT COMMISSION

CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-14

WHEREAS, By Resolution No. 99-67, the Port Commission approved the form and substance of Lease Disposition and Development Agreement ("LDDA") and Ground Lease ("Lease") with the development entity, Ferry Building Investors, LLC ("FBI") for the historic rehabilitation of the Ferry Building; and

WHEREAS, By Resolution No. 1140-99, the Board of Supervisors approved the Lease with FBI; and

WHEREAS, FBI has assigned the LDDA and Lease to Ferry Building Associates, LLC ("FBA") as permitted under the Lease in order to accommodate the historic tax credit transaction (approved by the Port Commission by Resolution No. 01-97); and

WHEREAS, Pursuant to the LDDA, the Port and FBI entered into a Term Sheet for the development and sublease back to the Port of the Port Commission hearing room and ancillary premises; and

WHEREAS, Port staff and FBI have now negotiated the form of Sublease for the Port Commission hearing room and ancillary premises, consistent with the agreed-upon Term Sheet, and as more particularly described in the memorandum to Commissioners, dated May 23, 2002, a copy of which Sublease and Memorandum are on file with the Port Commission Secretary for this item; now, therefore, be it

RESOLVED, that the San Francisco Port Commission hereby adopts and incorporates herein by reference the CEQA Findings for the Ferry Building project adopted by the Port Commission by Resolution No. 99-67 with respect to the Final Negative Declaration for the Ferry Building Project (the "Negative Declaration"), case file no. 94.684E, a copy of which is on file with the Port Commission Secretary for Resolution No. 99-67; and be it further

RESOLVED, that pursuant to California Public Resources Code § 21166 and CEQA Guidelines 15162, and based upon the San Francisco Port Commission's review of the Negative Declaration, the San Francisco Port Commission finds that: (1) there are no substantial modifications in the project that would require important revisions to the Negative Declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; (2) no substantial changes have occurred with respect to the circumstances under which the project is to be undertaken which would require major revisions to the Negative Declaration due to the involvement of significant effects or a substantial increase in the severity of effects identified in the Negative Declaration; and (3) no new information of substantial importance

to the project has become available which would indicate (a) the project or the actions will have significant effects not discussed in the Negative Declaration, (b) significant environmental effects would be substantially more severe, (c) mitigation measures or alternatives found not feasible which would reduce one or more significant effects have become feasible, or (d) mitigation measures or alternatives which are considerably different from those in the Negative Declaration would substantially reduce one or more significant effects on the environment; and, be it further

RESOLVED, that the Port Commission hereby approves the form and substance of the Sublease and the transactions which the Sublease contemplates, incorporating the business terms set forth in the Memorandum for Agenda Item 5A for the Port Commission meeting on May 28, 2002; and be it further

RESOLVED, that the Port Commission authorizes the Executive Director or his designee to forward the Sublease substantially in the form on file with the Secretary of the Port Commission for this Item to the Board of Supervisors for approval; and be it further

RESOLVED, that upon approval by the Board of Supervisors, the Port Commission authorizes and urges the Executive Director and any other appropriate officers, agents or employees of the Port and City to take any and all steps as they or any of them deem necessary or appropriate, in consultation with the City Attorney, in order to consummate the transactions contemplated under this Resolution, or to otherwise effectuate the purpose and intent of this resolution, such determination to be conclusively evidenced by the execution and delivery by any such person or persons of any such documents; and be it further

RESOLVED, that the Port Commission approves, confirms and ratifies all prior actions taken by the officials, employees and agents of the Port Commission or the City with respect to the Sublease, the LDDA and Lease.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of May 28, 2002.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

May 22, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Brian McWilliams
Hon. Denise McCarthy
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Extension of Exclusive Negotiations for Piers 1-1/2,3 & 5 Project

DIRECTOR'S RECOMMENDATION: APPROVE EXTENSION OF EXCLUSIVE RIGHT TO NEGOTIATE WITH SAN FRANCISCO WATERFRONT PARTNERS, LLC

BACKGROUND

On March 10, 2000, the Port issued a Request for Proposals ("RFP"), including subsequent Addenda issued April 24, 2000, May 5, 2000 and June 30, 2000, for the lease, development and operation of a mixed-use historic rehabilitation project at Piers 1-1/2, 3 and 5 ("Piers Project"). The primary purposes of the Piers Project are to rehabilitate the piers and provide a development that will attract the public to the Bay and enhance the waterfront experience. Three proposals were received on August 31, 2000 in response to the RFP, and these proposals were reviewed and evaluated by Port staff and by an outside consultant team.

Based upon this review and evaluation, on January 9, 2001, by Resolution No. 01-05, the Port Commission awarded the opportunity to enter into exclusive negotiations for the Project to San Francisco Waterfront Partners, LLC, a limited liability company ("SFWP"), and a negotiating fee of $40,000 was paid to the Port.

On March 21, 2001 SFWP and the Port executed an Exclusive Right to Negotiate agreement for the initial period of March 22, 2001 to December 21, 2001, with two three-month extension options. SFWP timely exercised the two options to extend. The Port waived the extension fees of $25,000 each because, per the agreement, the San Francisco Planning Department had not completed environmental review and because the lease and LDDA had not been negotiated, and neither delay was due to any acts of SFWP.

The Exclusive Right to Negotiate agreement expires on June 21, 2002.

THIS PRINT COVERS CALENDAR ITEM NO. **5B**

Port staff hopes to present the Lease Disposition and Development Agreement and Lease for the Piers Project to the Port Commission on June 25, 2002. If approved, SFWP will then seek approval of the Lease from the Board of Supervisors. Because the Exclusive Right to Negotiate agreement expires before the LDDA and Lease can be approved and conveyed to SFWP, an extension is necessary to protect SFWP's rights and to maintain adherence to the development schedule.

BENEFITS OF THE PIERS PROJECT

The Piers Project will bring public and financial benefits to the Port and to the City, including the following:

- Rehabilitation and seismic upgrading of these three piers which have been condemned because of the deteriorated condition of the substructure
- New life for these maritime resources by adaptively re-using them for Class A office space, restaurants, cafes, and a ticket office for Hornblower Yachts
- Listing as an Historic District on the National Register of Historic Places
- Renovation of the buildings to the Secretary of the Interior's Standards for Rehabilitation
- Addition of guest boat docks for temporary berthing of private boats and ceremonial ships
- Addition of water taxi service to the waterfront
- Attract people to the waterfront and create nearly an acre of public open space for people to enjoy the Bay
- Provide rental revenue to the Port on property that currently brings in no revenue because of its condemned condition

ACCOMPLISHMENTS DURING EXCLUSIVE NEGOTIATION PERIOD

During the period of exclusive negotiations to date, SFWP has developed site plans, schematic design plans, elevations and sections, which have been approved by the *Waterfront Design Advisory Committee*. The San Francisco Planning Department, Office of Major Environmental Assessment, has issued the Preliminary Mitigated Negative Declaration for the project, and the final Negative Declaration is expected to be published next week. SFWP has made informational presentations of the project to the Port's *Northeast Waterfront Advisory Group* and to the *Ferry Building Waterfront Advisory Group*. It will make a presentation to the Landmarks Preservation Advisory Board early next month. SFWP has filed nomination papers seeking listing of Piers 1-5 as an historic district on the National Register of Historic Places. The developer also has filed a Part 1 application, which initiates the process for obtaining Federal Historic Rehabilitation Tax Credits. SFWP has requested State Lands Commission approval of the project and has met on several occasions with BCDC staff and with the BCDC *Design Review Board*. The developer has pursued negotiations with Hornblower Yachts, conducted due diligence and site investigation and established a development timetable and budget. It has been negotiating in good faith with Port staff for the lease disposition and development agreement, the lease and other necessary documents. Significantly, SFWP has obtained equity financing from the California State Teachers Retirement System (CALSTRS).

STEPS STILL TO BE COMPLETED

After the LDDA and Lease are approved by the Port and the Board of Supervisors, SFWP and the Port will continue to proceed to complete documentation and obtain all necessary regulatory approvals, including nomination and listing of Piers 1-5 as an historic district on the National Register of Historic Places; obtaining permits from BCDC, the Army Corps of Engineers and the Port; obtaining approval by the National Park Service of the Part 2 Application for tax credits; clearing title, finalizing an agreement with Hornblower Yachts and completing documents necessary for close of escrow.

STAFF RECOMMENDATION

Port staff respectfully requests that the Port Commission extend the period of exclusive negotiations with SFWP by 132 days to October 31, 2002, with a three-month option to extend if the Board of Supervisors has not approved the Lease by October 31st. Staff recommends that SFWP not be required to pay any extension fee for the initial extension but that a non-refundable extension fee of $25,000 be required if SFWP exercises the extension option, payable by November 1, 2002. Such extension fee would be credited towards security deposit or rent if a lease ultimately is signed between the Port and SFWP. It is further recommended that during the initial extension period SFWP be required to complete the following performance benchmarks, or such other benchmarks as are determined appropriate by Port staff:

- complete environmental review
- file an application for permit from the *Bay Conservation and Development Commission*
- receive approval of plans from the *Waterfront Design Advisory Committee*
- receive support for the project from the State Lands Commission
- negotiate and sign Lease Disposition and Development Agreement

Prepared by: Jennifer Sobol
Development Project Coordinator

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-15

WHEREAS, Charter, Section B3.581grants the Port Commission the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, under Charter Section B3.581(g) leases granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, the Port owns certain properties known as Piers 1-1/2, 3 and 5; and

WHEREAS, in March 2000, the Port issued a Request for Proposals for the lease, development and operation of a mixed-use project at Piers 1-1/2, 3 and 5 and for the rehabilitation of these piers to provide a development that will attract the public to the Bay and enhance the waterfront experience; and

WHEREAS, San Francisco Waterfront Partners, LLC, a California limited liability company, submitted a response to the RFP on August 31, 2000 which complied with the submittal requirements stated in the RFP and which was reviewed and evaluated by Port staff and by an outside consultant team; and

WHEREAS, based on this review, Port Staff recommended that the Port Commission enter into exclusive negotiations with San Francisco Waterfront Partners, LLC; and

WHEREAS, the Port Commission reviewed the Port staff recommendation set forth in the Memorandum to Port Commissioners dated January 4, 2001, for Agenda Item 6B, and determined that San Francisco Waterfront Partners, LLC met the qualification requirements for the development at Piers 1-1/2, 3 & 5; and

WHEREAS, based on this review, the Port Commission authorized exclusive negotiations with San Francisco Waterfront Partners, LLC on January 9, 2001; and

WHEREAS, the Port and San Francisco Waterfront Partners, LLC executed an Exclusive Right to Negotiate agreement on March 21, 2001 for a period of nine months, with two three-month extension options; and

WHEREAS, the Exclusive Right to Negotiate agreement expires on June 21, 2002; and

WHEREAS, San Francisco Waterfront Partners, LLC timely exercised both extension option periods; and

WHEREAS, San Francisco Waterfront Partners, LLC has undertaken development plans and sought environmental review in accordance with the Exclusive Right to Negotiate agreement; now therefore, be it

RESOLVED, that the Port Commission hereby authorizes the Executive Director of the Port to enter into a First Amendment to the Exclusive Right to Negotiate agreement on the general terms set forth in the May 22, 2002 Memorandum to the Port Commission, including:

a) extension of the exclusive negotiating period to October 31, 2002, with an option to extend for an additional three months if the Lease has not been approved by the San Francisco Board of Supervisors;
b) certain performance benchmarks, as determined by the parties, must be accomplished on or before October 31, 2002;
c) no extension fee will be required for the initial extension to October 31, 2002;
d) payment of a negotiating fee of $25,000 will be required to exercise the three-month extension option and is payable by November 1, 2002;
e) the $25,000 fee shall be non-refundable but shall be applied first to the security deposit and then to rent if a lease is signed between the Port and San Francisco Waterfront Partners, LLC;

and be it further

RESOLVED, that the Port will not enter into a final lease for the project which would allow for its development until there has been complete compliance with the California Environmental Quality Act (CEQA).

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of May 28, 2002.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

May 22, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Brian McWilliams
Hon. Denise McCarthy
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Proposed Lease Amendment for Norcal's West Coast Recycling Facility at Pier 96

ACTION: No Action, Informational Presentation

Summary
Norcal's West Coast Recycling (Norcal) currently operates its "Recycling Central" operations at Pier 96, where it receives and processes sorted and non-sorted recyclable materials. Norcal's current operations primarily focus on recycling from its residential customers in San Francisco. The City and Norcal are now programmed to increase recycling through new collection programs from commercial and office businesses, as well as expanding the residential recycling program. The increase in materials handled would increase the amount of residual matter (i.e. items that cannot be recycled, which are separated and transported to landfills) above current volumes. This residual matter increase is expected to exceed 10% of the total volumes handled at Recycling Central, and thus requires Norcal to obtain a Solid Waste Facility Permit. Because its current lease with the Port does not allow recycling operations requiring a Solid Waste Permit, Norcal must seek Port Commission approval for an amendment to its lease.

Norcal's existing and proposed recycling operations have been reviewed by the Southern Waterfront Advisory Committee (SWAC), and received a recommendation of support of the lease amendment, with conditions described below. The proposal received a Final Negative Declaration, an environmental impact analysis that, with specified mitigation measures, found Norcal's proposed increase in operations would not have an adverse significant environmental effect.

This Print Covers Calendar Item No. **5C**

An informational presentation will be made by Norcal at the May 28, 2002 Commission meeting outlining its existing and proposed operations. The presentation will provide the Commission and public an opportunity to make comments and ask questions about Norcal's recycling business and practices. In addition, staff from the Department of the Environment will be present to provide information on the City's program to boost recycling in accordance with State-mandated requirements.

Project Description

The current Recycle Central facility at Pier 96 recycles primarily fiber product (paper and cardboard) from residential collections within San Francisco, and recycles over 90% of this material. Norcal is proposing to increase their capacity at the Pier 96 facility to help the City reach its' goal of recycling 75% of its waste by the year 2010. To achieve this, Norcal is proposing to expand the recycling operations at Pier 96 to handle the expanded citywide "Fantastic Three" residential recycling program and the commercial and office recycling programs. The increased volume of material will increase the amount of residual matter above the currently permitted quantity of 10%, thus requiring Norcal to obtain a Solid Waste Facility Permit from the State Integrated Waste Management Board, through the San Francisco Public Health Department.

Most of the increased residual matter would be caused by the increase in the collection of commercial and office recyclable material. Because commercial facilities do not have the infrastructure capacity to separate waste in the same manner as residential customers, an increased quantity of waste enters the stream. Below is a summary of the various streams of material that are proposed to be processed at the facility and the maximum amounts of estimated residual matter per stream of material.

The proposed operations at the Pier 96 facility are best described by breaking the operations down into four source streams of material, these are:

1. Single Stream Line: Will process residential recyclables collected in the blue bin of the Fantastic Three program. The maximum residual content for this process is 10%.

2. Mixed Paper Line: Will process source-separated mixed paper loads derived primarily from commercial office space, particularly downtown high-rise office space. The maximum residual content for this process is 25%.

3. Mixed Commercial Line: Will process materials from targeted recyclable streams that are generated by large and small offices, neighborhood retail and service businesses, and other sources of predominantly dry recyclable materials. The maximum residual content for this process is 50%.

4. Source-Separated Line: Will process source-separated fiber from various dedicated collection programs. The maximum residual content for this process is 2%.

The residual matter percentages are indicated as maximums because it is expected that as the process of recovery is refined and more efforts are required to reach the City's 75% recycling goal, residual matter volumes will be reduced. The residual matter is collected, enclosed and conveyed to a compactor unit and transported off site within 48 hours from the time it arrives on site. All recyclable material other than glass is bailed and placed into containers for either shipping, trucking or a combination of both to its destination. Glass is loaded into trucks and then hauled to its' final destination. Norcal's current and proposed lease sets forth maritime requirements for shipping containers from the Port of San Francisco.

In order to mitigate some of the effects from the diesel emissions caused by truck trips, Norcal is fitting their recyclable route trucks with exhaust stack scrubbers (to reduce diesel particulate emissions), and their fleet of trucks used to haul the residual matter will operate on Liquefied Natural Gas. Norcal has also agreed to contribute funding towards the Illinois Street Bridge and towards the public access fund for improvements on Islais Creek.

Environmental Review and SWAC Recommendation

A Final Negative Declaration, with mitigation measures to avoid significant environmental effects was issued on April 19, 2002. Norcal presented its proposal to the Southern Waterfront Advisory Committee (SWAC) on February 19, 2002 and May 1, 2002 whereupon the SWAC unanimously recommended support of the lease amendment with the following conditions:

1) recruit and hire new employees from the Bayview Hunters Point Neighborhood and track and report back to the SWAC their success rate;
2) police, monitor and maintain the litter on the streets that lead to the facility;
3) repair the awning on the southwest corner of the building;
4) work with the local trucking community to use truckers within the community; and
5) look into alternative sites outside of Bayview Hunters Point for any future expansion of the facility.

Submitted by: David Beaupre
Diane Oshima
Planning & Development

DOCUMENTS DEPT.

JUN 6 2002

SAN FRANCISCO
PUBLIC LIBRARY

SAN FRANCISCO
PORT COMMISSION

MAY 28, 2002
MINUTES OF THE REGULAR MEETING

MEMBERS, PORT COMMISSION

HON. MICHAEL HARDEMAN, PRESIDENT
HON. KIMBERLY BRANDON, VICE PRESIDENT
HON. DENISE McCARTHY
HON. BRIAN McWILLIAMS
HON. PIUS LEE

DOUGLAS F. WONG, EXECUTIVE DIRECTOR

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE REGULAR MEETING
MAY 28, 2002

1. ROLL CALL

Commission President Michael Hardeman called the meeting to order at 4:05 p.m. The following Commissioners were in attendance: Michael Hardeman, Kimberly Brandon, Brian McWilliams and Pius Lee. Commissioner McCarthy was not present.

2. APPROVAL OF MINUTES - May 14, 2002 Regular Meeting

ACTION: Commissioner Lee moved approval; Commissioner McWilliams seconded the motion. All of the Commissioners were in favor. The minutes of the May 14, 2002 meeting were adopted.

3. EXECUTIVE

A. Executive Director's Report: Mr. Wong reported the following:

- Informational Presentation - 75th Anniversary Celebration of Maiden Voyages of Delta King/Delta Queen from Pier 3. June 1st marks the 75th anniversary date that the Delta King departed from San Francisco's Pier 3 on its maiden voyage. Its identical twin, the Delta Queen, left the next evening. The historic steamboats were maritime masterpieces of their day. Mr. Wong introduced Stan Garvey, retired writer from Sunset Magazine and author of the book "King & Queen of the River." Mr. Garvey showed the Commission a slide presentation highlighting the history of the two legendary steamboats and thanked the Commission for the opportunity to present the information.

- Architectural Foundation of San Francisco. For the second consecutive semester, the Port has provided meeting space and staff support to the Architectural Foundation of San Francisco and the San Francisco Unified School District for the Build/San Francisco Program. The Build/San Francisco Program is an "after school" educational enhancement and mentoring program for San Francisco High School students to learn about the impact architecture and design have on their environment. The program offers students the opportunity to learn about and play a role in the design of our City. He thanked the Architectural Foundation for honoring the Port at their annual breakfast meeting last Thursday. He introduced Richard Hannum, Founder Director of the Architectural Foundation of San Francisco.

  Mr. Hannum thanked Mr. Wong and the Commission for the support the Port has provided to the foundation and the opportunity their students have had. He acknowledged the students, teachers and mentors who participated in the program.

Yensing Sihapanya of Wallenberg School, Robert Talley of Mission High School and Leo Tang of Lowell High School, three of the 20 students who participated in the program, shared their experience with the Commission and thanked them profusely for the opportunity they have been given and for their use of the Port facility.

4. MARITIME

A. Request for approval of the 5-Year Marine Terminal Agreement with Star Shipping AS at Pier 80. (Resolution No. 02-13)

Mr. Dailey, Director of Maritime, presented the item and requested Commission's approval. He also acknowledged Port staff's efforts: Jill Simpson, John Davey, Nick Larocco as well as Marine Terminal's staff: Jim Dillman, Doug Tilden and Jim Wiltshire for having successfully negotiated the agreement.

Commissioner McWilliams inquired about the status of the Foreign Trade Zone (FTZ) expansion. Mr. Dailey replied that one of the innovative proposal put forth on the marketing efforts was to expand the FTZ to a portion of Shed A at Pier 80 allowing steel importers to use the FTZ to delay payment of duty at the pier. All the paperwork has been completed and submitted to the FTZ board and approval has been given. Staff expects the steel coil, the cargo specifically targeted for the FTZ, to arrive in late summer.

ACTION: Commissioner Lee moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 02-13 was adopted.

5. PLANNING & DEVELOPMENT

A. Request for approval of sublease for Port Commission Hearing Room at the Ferry Building. (Resolution No. 02-14)

Mr. Curt Watts, Development Project Coordinator, presented the item and requested Commission's approval. He acknowledged the efforts and assistance of Neil Sekhri and Bijal Patel from the City Attorney's office and John Zoranovich of the Engineering Department.

ACTION: Commissioner Lee moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 02-14 was adopted.

B. Request for approval of Extension of Exclusive Negotiations with San Francisco Waterfront Partners, LLC for the Piers 1-½, 3, & 5 Project. (Resolution No. 02-15)

Ms. Jennifer Sobol, Development Project Coordinator, presented the item and requested Commission's approval.

ACTION: Commissioner Lee moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 02-15 was adopted.

C. Informational presentation regarding proposed lease amendment for West Coast Recycling at Pier 96.

David Beaupre, Development Project Coordinator, provided the Commission a brief overview of the proposed Norcal improvements and increased in operations at Pier 96. He introduced Don Gamblin from Norcal and Jared Blumenfeld from the Department of the Environment.

Mr. Beaupre indicated Norcal's operation at Pier 96 is recycling materials recovered from residential recycling where there is a minimum recovery of 90%. Their proposed operations are increasing capacity and volume by increasing residential collections as well as increasing collection from commercial and office businesses. This increased recovery also increases volume as well as the recovery rate is lowered to less than 90%. The increase in volume and the decrease recovery rate is what requires the Port and Norcal to amend the lease agreement. Norcal has gone through the environmental review process as well as meeting with the SWAC committee. The final negative declaration was issued on April 19th. They presented their proposal to the SWAC on February 19 and May 1, 2002 whereupon the SWAC unanimously recommended, with conditions, their support of the lease amendment

Mr. Don Gamblin provided the Commission an in-depth presentation and showed the Commission a slide presentation regarding their operation at Pier 96. He indicated that Recycle Central at Pier 96 is destined to become the premier maritime recycling facility on the West Coast. While it plays a very important role for recycling efforts in San Francisco, more importantly in this venue and for the Port, it will continue to provide a long-term utilization of Port facilities in the southern waterfront area for maritime use. It will also provide over 200 jobs in the southern waterfront area.

In 1998, Recycle Central at Pier 96 kicked off with a 25-year lease agreement. A building permit was also obtained for the installation and the build out of the equipment. In 1999, working with the Dept. of Environmental Health, they obtained the registration level permit for the operation of mixed-paper line, primarily handling downtown high-rise recyclables. Last year, Norcal embarked on an aggressive program to meet and exceed San Francisco's recycling goals. That program entailed a wholesale change to how they recover materials from solid waste. The rate order issued in July 2001 was the culmination of a process that included at least six public hearings, untold hours of work and some 52+ meetings with community groups throughout the City to provide information related to Pier 96 and the recycling system. There are four distinct components of the waste stream in San Francisco. The green waste is for organics that do not go to Pier 96, but rather to Tunnel Avenue and are transferred to their composting facility outside of Vacaville. The black bin is the garbage that does not have any recycling home right now. This material goes to Tunnel bay which is transferred to the Altamont landfill. The blue bin is the material that is processed at Pier 96 which are primarily the dry recyclables e.g. cans, bottles and paper. Recycle Central at Pier 96 is undergoing a substantial renovation and equipment process. The rate order providing the funding for equipment at Pier 96 was the key. They also obtained, with Port's assistance, the BCDC development permit to install the equipment. With the continuing permitting and development of Pier 96, the environmental review was completed in April 2002.

Mr. Gamblin indicated that the solid waste facility is an unfortunate name attached to the Pier 96 facility but State law requires it to be identified as a solid waste facility. The Public Resources Code states that the solid waste facility is a transfer station, a processing facility, a composting facility and a disposal facility or a landfill. The garbage is going to continue to go to the landfill whereas the recyclables end up in the overseas shipping containers and shipped to various ports of call. The paper and container recycling operation is what makes Pier 96 one of the largest single source containers cargo generating facilities in the bay area. The front loader trucks serve the commercial routes in the City. A number of those will bring the dry recyclable to Pier 96. The fantastic three trucks collect the blue & black bins; a split compartment will dump part of the materials at the Pier 96 facility and the garbage goes to the Tunnel Avenue transfer station. They also have a fleet that holds the residual material to the landfill. The fantastic three trucks are 50% cleaner than the old recycling trucks. They are also experimenting with stack scrubbers on the exhaust stacks that would reduce particulate emissions by 90%. The entire fleet of large trailer trucks is being converted to run on liquefied natural gas. The proposed operation at the Pier 96 facility is broken down into four source streams of material:

- Single Stream Line: Will process residential recyclables collected in the blue bin of the fantastic three program, approximately 480 tons per day. The recovery rate is greater than 90%. The maximum residual content for this process is 10%.

- Mixed Paper Line: Will process source-separated mixed paper loads derived primarily from commercial office space, particularly downtown high-rise office space. They will increase the throughput to approximately 160 tons a day. It is presently operating at 100 tons a day. Its recovery rate is 70-75%. The maximum residual content for this process is 25%.

- Mixed Commercial Line: Will process materials from targeted recyclable streams that are generated by large and small offices, neighborhood retail and service businesses, and other sources of predominantly dry recyclable materials. The maximum residual content for this process is 50%. Will process approximately 560 tons a day of newspaper, cardboard, mixed paper, metal, textiles, some wood. They estimate the recovery at 50-75%. For purposes of their permitting, particularly with the solid waste facility permit, a minimum recovery rate of 50%. This is of material that is 80% recyclable. The residual will be plastic, styrofoam and other materials that get passed the processors. The materials that are not recyclable goes into a compactor unit and transferred to a landfill. It is a contained operation.

- Source-Separated Line: Will process source-separated fiber from various dedicated collection programs, 100% recyclable, approximately 200 tons a day. The maximum residual content for this process is 2%.

The facility will be prohibited from receiving construction and demolition debris, source separated organics, medical wastes, and garbage from an individuals who brings their materials to the facility. The facility will employ approximately 215. Truck trips will be approximately 390 in and 70-80 out. The recovery rate will vary.

Having this operation at Pier 96 will put the City over the 50% recycling requirement that the State mandates and will provide over 200 jobs. One of the benefits to the Port of San Francisco is the waterborne commerce. This facility can act as a cornerstone for the Port's utilization of its southern waterfront properties for maritime use. The Port, as their landlord and partner, will be party to the largest single source container operations in the bay area, exporting paper, which is the largest U.S. export. To assist them in some of the waterborne commerce transport, particularly with the focus of the Port and shipping out of the Port, they are working with the Pasha group and provide complete cargo management services. They are also working with Jill Simpson from Port staff. They have a 25-year lease and they have a maintenance clause related to the facilities. More importantly are some enhancements of Port assets. For instance, with Norcal's funds, they have replaced a lot of asphalt flooring with concrete. They have upgraded electrical service substantially to the site and lighting. They have renovated the offices including ADA compliance facilities as well as removing asbestos. They have phone line upgrades. Those are some of the assets that even after the 25 years period will be in place at the facility. They will pay rent for 25 years to the Port. They contributed $1 million for the proposed Islais Creek truck bridge. They are also working with BCDC on public access requirements. They contributed $150,000 to a public access bridge off at Third Street on Islais Creek.

Jared Blumenfeld, Director of the Department of Environment, indicated that his department is committed to Pier 96 recycling facility because it is critical to exceeding the State mandated 50% goal. In addition, the Commission on the Environment unanimously voted to adopt a goal of 75% recycling diversion rate by 20-10 and zero waste or 100% diversion goal by 20-20. From their perspective, this is a very critical initiative. They are equally committed to ensure that it delivers maximum benefits to the community. This facility can enhance San Francisco's recycling rate. The fantastic three program in some neighborhood reached up to 90% increase in recycling. By having this new single stream process, some people in some routes increased 90%. In terms of the community, SWAC had a number of concerns that Norcal has internalized and is working through. They are also pushing to ensure that community needs comes first. Norcal is genuinely concerned about the environment as a whole and the individual communities. This project meets the criteria of sustainable development such as the environment, the economy and equity. The jobs that will be created would hopefully go to the community first. Everything we recycle contributes to a better environment. They are aware that the number of truck trips are a concern but they are doing everything they can as they did with the transfer of fleet to convert to a liquefied natural gas. It should be noted that the liquid natural gas fueling station is also available to other users. They hope to create some changes in the City not just Norcal by promoting this example of development. In terms of getting the most out of the facility, they will push the Norcal company to make sure that 100% in the facility is diverted. In large part, that would be contingent on the commercial and residential sectors of the society, making sure they put the right things in the right bins. They are working hard in educating campaigns to ensure that happens. They are wholeheartedly behind this project and the recycling it will bring to the City.

Commissioner Brandon asked about the next level in recycling. She asked if there is anything in place for commercial businesses. Mr. Blumenfeld replied that the first goal is to ensure that the entire City is covered by the fantastic three program. Having a good facility that can manage that waste will ensure the success of the program The next goal is

the commercial organics area. The main potential is food scrap and some restaurants such as Scoma's is nearly at 90% diversion and only have 10% waste. We would be far ahead of our goal if that model can be replicated throughout the City.

Commissioner Brandon indicated that this site was originally to become a premier recycling center. She inquired what prompted the change to a solid waste facility. Mr. Gamblin replied that the type of processing and operation is what drives them to the solid waste facility permit. With the residual amount of material that is going straight to the landfill and cannot or is not recycled for various reasons, and it is over 10%, solid waste facility permit must be obtained. In 1998, it was envisioned that this facility would possibly need a solid waste facility. Specifically, in the existing 1998 lease, it mentions that when a solid waste facility permit is necessary, an additional environmental review is required and Norcal must seek necessary approvals including Port Commission lease amendment as well as the solid waste facility permit.

Commissioner Brandon asked if they need a permit because they were only doing residential and would now be doing commercial and getting more waste. Mr. Gamblin replied that right now the facility has a registration level permit, that is a solid waste facility permit but it is limited to 100 tons a day of downtown high-rise recyclable material, the mixed paper line. They are now going to add the capabilities of the facility with the mixed commercial line, which will be over 500 tons per day of similar material. If they need the solid waste facility permit for the 100 ton per day line, once they grow that to over 500 tons per day, it goes without saying that they need the solid waste facility permit on that operation. They plan to have the permit cover the entire facility in case of equipment breakdowns. When they breakdown, they could move operations around temporarily to continue their processing.

Mr. Blumenfeld cited an example that at the moment there is not a big market for yogurt cups. We are getting more volumes but they are not recyclable. They are going to develop markets for it.

Commissioner Brandon asked how they differentiate between recyclables and trash for downtown businesses. Mr. Gamblin replied that with the downtown high-rise, there is a program where it takes on a different name or operation such as a "blue bag" along with primarily paper in their bin. Right now there is primarily one truck out in a certain area servicing all of the businesses and taking it to the transfer station to be landfilled. What the collection companies are in the process of doing is a significant reroute which will place one or more trucks in an area collecting the various recyclables versus the garbage, versus the organics. In essence, they are trying to dry out that commercial waste stream so that it is primarily dry recyclables. The organics are being taken out by another program. For the businesses that don't have organics but still might be wet like a gas station or a print shop, that material would be collected by a separate commercial truck and that material would be taken straight to the landfill. The businesses generating the dry recyclables would be served by a truck that will bring that material to Pier 96 for recovery.

Commissioner Brandon asked that since the solid waste is not recyclable, how long would it remain in the facility. Mr. Gamblin replied that it does not stay in the facility. It is an ongoing process where it moves through the conveyor systems into the residual compactor

unit and as soon as a truck is full which amounts to 2 cubes, it leaves the facility within 20-30 minutes. It's a continuous operation and it goes straight to the landfill.

Commissioner Brandon indicated that she has an issue with solid waste going to Pier 96 because it is the Port and it is a maritime facility. It is not a solid waste facility. In today's newspaper, 80% of the sewage goes to that community. The PG&E plants and the Mirant plants are all over the community. Why would we even think about getting into solid waste?

Mr. Blumenfeld replied that the answer is you wouldn't. At the end of the day, they would not be in support of this operation if it was yet another environmental burden on an already overburden community. From their perspective, we all need to work very hard to make sure that the waste element is as small as possible. There is money to be made in recycling. This is a state of the art operation and facility. It is a concern but they will push harder to make sure that number is as small as possible and it is technically feasible.

Commissioner Brandon expressed her concern that there is no assurance that it will be as small as possible. There are no limits on what could happen at the facility. The Port needs to work with the City further to make sure those numbers are low.

Henry Louie, Dept. of Public Health, indicated that we all want recycling but the issue is can recycling be done in a way in which the environment, public health & safety is not jeopardized. The role and the responsibility of the DPH to ensure just that. With regards to permitting, DPH issues the solid waste permit. While this is a recycling facility, the regulation regarding this facility as a solid waste processing facility states that material that contains a certain amount of residual material recyclable or otherwise is regarded as solid waste. The processing and handling of solid waste requires a permit from DPH. All permit is concurred with by the California Integrated Waste Management Board and the DPH is the local enforcement agency for the enforcement of solid waste regulations. He gave the Commission a copy of the proposed permit for the facility. This permit puts in place numerous restrictions upon their operation to ensure that public health and safety and the environment is not jeopardized. The package handed to the Commission include the proposed solid waste permit for Recycle Central at Pier 96. It includes a transfer processing facility inspection report that DPH uses in its investigation and in its periodic inspections. The goal of the solid waste facility permit is to ensure protection of public health and safety and prevent environmental damage. Further, the Public Resource Code states that the guiding principle of a solid waste facility permit shall be the long-term protection of the environment. The permit authorizes the operation in accordance with local, State laws and regulations. It also minimizes overlap with regulatory agencies, specified limitations, prohibitions, terms and conditions that the LDA determines to be appropriate for the design and operation of the facility. It defines parameters to ensure that the facility operates consistent with the CEQA document. Section 4 of the permit limits the amount of tonnage the facility may receive and process each day. It defines the hours of operation and it limits the amount of vehicle that can go through the facility each day. The second page of the proposed permit makes certain findings and it prohibits the type of material that the facility may or may not accept. Also tied in with the permit are a number of document that restrict the operation including but not limited to the Negative Declaration, the CEQA document, as well as the transfer and processing report. The report

defines and outlines every parameter of the operation. The purpose of these reports is to ensure that the operation does not jeopardize the community in which it is operating from. The solid waste facility permit also has a number of restricting self-monitoring programs. These are programs that the facility is required to conduct on a routine basis to ensure that it operates in a fashion that does not jeopardize the environment and in compliance with applicable laws and regulations. The document also includes enforcement agency's restrictions and conditions for the operation. The facility inspection report document looks at operating criteria controls and personnel health and safety, with the goal of the protection of health and the environment.

Commissioner Brandon asked if there were any other types of monitoring aside from self-monitoring program. Mr. Louie replied that the DPH local enforcement agency is required by regulation to inspect the facility each and every month to ensure that it is operated according to the terms and conditions of the permit. The facility is restricted from receiving any more than 2100 tons of material per day. The facility is also required of removing all the solid waste it receives within 24 hours. By law, it cannot keep that waste within the facility beyond 48 hours.

Commissioner Brandon asked if there is any other way to have a recycling program that will receive the recyclables and not have to worry about the solid waste. Mr. Louie replied that the nature of recycling is such that there is always a certain amount of material within the incoming stream that doesn't lend itself to recycling. Unfortunately, exporting our products elsewhere is not available to us. He was confident that the facility will operate the way it is intended to operate. With the oversight of DPH, the City can achieve its recycling goals at the same time that public health and safety is not jeopardized.

Commissioner Brandon inquired if there is a type of permit that would limit the amount of solid waste. Mr. Louie referred to page 4 of the permit, Item G states that "The facility shall, to the extent practicable, operate the various processing areas/lines to meet the "minimum recovery rates" as listed in the facility Transfer & Processing Report, Table 6 (from approximately 50% to 100%)." The facility operators intend to be more ambitious; they are hoping to recover at a minimum 70%. Ultimately, if the Director of the Environment has his way, we can see to it that all of the waste generated is not waste but a commodity that can be recycled. The regulations are such that any material that contains more than 10% residual is regarded as solid waste by law.

Commissioner Brandon asked if there are any other type of permit that has does not have unlimited solid waste attached to it. Mr. Louie replied that all the permits they issue have a quantity limitation. The facility that receives material with less than 10% residual is a facility that is not defined by the laws as a facility that requires a solid waste facility permit. The fact that incoming material exceeds, in some instances, 10% of residual requires them to secure a solid waste facility permit.

Commissioner Brandon asked if the operator will be shipping the materials out of the Port of San Francisco when it reaches its goals in the time allotted or will it be trucked to Oakland. Mr. Gamblin replied that they are working with Jill Simpson and the Pasha Group to try to ship directly out of the Port of San Francisco. They have a maritime commitment component to their existing lease. That component will stay as is with minor

modifications. The requirement is to ship a certain amount of containers from the Port otherwise a penalty will be assessed. That commitment is not changing. In fact, in May of this year, they are on target to meet their commitment of 100 containers leaving San Francisco. With the amount of containers that will be generated on a daily basis from this facility (60-80), this will be attractive to a vessel that wants to call on Pier 80. They are taking a lot of efforts to ship it directly from Pier 80.

Commissioner Brandon asked about the amount of tonnage needed to attract a ship to call regularly at the Port. Mr. Gamblin was not sure about the amount of tonnage needed at this time. He indicated that they have been through a number of different shippers at Pier 80 and are currently using TMM. Even though paper is the largest export out of the U.S., it is low on the totem pole. They have to tie up with a steamship line that will be attracted to their ongoing container quantity out of Pier 96. Several other opportunities they are looking at are to take advantage of trampsteamers. It is a very intricate process to match up their containers to the ports of call the ship go to because they are limited to the ports of call on the Pacific Rim for the paper mills at those locations. They make daily efforts to continue shipping out of Pier 80 rather than having to move it to the Port of Oakland.

Commissioner Brandon asked if the Potrero Boosters Neighborhood were notified of this meeting. Ms. Diane Oshima replied that staff sent an advance notice to the SWAC mailing list, to the Bayview PAC members, the President of the Potrero Boosters and some key neighborhood advocate associated with that group.

Commissioner McWilliams asked about the 60-80 containers per day. Mr. Gamblin replied that it is an FEU of 40 foot.

Commissioner McWilliams indicated that Pier 96 is a maritime pier and it is a maritime lease and maritime commodity. It all seems to be getting plucked off somewhere, whether it's San Francisco or Oakland. He hopes that part of the intention of having a relationship with Pasha or some maritime group would be to figure out how to accommodate more efficient logistical way to do that, particularly since they are on a pier, whether through ships or barge.

Mr. Gamblin indicated that their relationship with Pasha has been a couple of months running and their directions/instructions to working with the Pasha Group is "tell us how we can possibly ship out of the Port of San Francisco on an ongoing and routine basis." They are open to anything that is feasible and economic for them in order to accomplish the shipping out of the Port of San Francisco. It is wide open as far as what they are considering and what the Pasha Group is considering to find what's feasible.

Commissioner Hardeman thanked Mr. Gamblin for a fine presentation as well as representatives from the Dept. of Environment and Dept. of Health.

Robert Morales, Teamsters Union Local 350, indicated that his union represents the employees at West Coast Recycling at Pier 96. He assured the Commission that the local union is also interested in the health, well being, safety and security of the employees. They have investigated the pier and they can call on OSHA if they believe there's any danger to the well being of their employees. They are convinced that this corporation has

taken all of the measures necessary to assure their members are provided with good equipment and good measures to prevent accidents or health issues. Some of their current members come from the Bayview, Potrero, Mission Bay and Hunters Point neighborhood. He reported that the next 70 jobs that will be implemented, the majority of those jobs will come from the community. Their current members and prospective members will be enjoying one of the best collective bargaining agreements in the U.S. With the help of Mayor Brown, they were able to ensure that all of their members at West Coast Recycling enjoy one of the best retirement programs and the health and welfare benefits. The wages are very competitive as well. Norcal has provided the equipment, the trucks, the facilities to make sure that San Francisco is going to be the leading city if not in the U.S. but in the world when it comes to recycling. He asked the Commission's support for this item.

Walter Johnson, S.F. Labor Council, strongly supported the approval of the proposed lease amendment. With an ongoing investment in the future, the final effort will bring about over 200 union jobs. He thanked Norcal for their professional handling of recycling. He asked the Commission to ensure that San Francisco will continue to serve as a model for all cities to follow. He urged the endorsement of this project and intends to provide their support all the way through.

Reuben Smith, Rotary Club, indicated that there is a need for employment at the Bayview Hunters Point. He asked for the Commission's support for this project in order to provide employment for the community.

Robert Foster, Bayview Rotary Club President, indicated that the Bayview District has been a district of much neglect. They currently need jobs for the people and their families. He has had an intimate relationship with Norcal. He has seen Norcal help Galileo High School. He urged the Commission to let Norcal get on with their business with the City.

Francisco Da Costa indicated that he was instrumental in establishing recycling site all by himself and later received help from the Army and other federal agencies. The President signed an executive order a few years ago encouraging recycling. He has always been interested in recycling. He personally took a tour of the facility and happy to announce that Norcal has one of the best recycling sites in the City.

Bob Wade indicated that he had an opportunity to work with Norcal. It is a wonderful organization as they believe in helping everyone; they do not discriminate. It would be an excellent opportunity for the Bayview Hunters Point residents to be able to have jobs. He had the opportunity to experience Norcal's job fair. It would be a great opportunity for the Bayview Hunters Point community.

Sam Houston, Area Director for the Bayview Hunters Point Area, indicated that one of the things that impressed him about Norcal's job fair was the fact that these jobs can increase the quality of life for people in that area. We should take a look at what these jobs will create and what type of improvement of life these jobs will create. They support the project and hope for the Commission's support as well.

Andre Lewis, Bayview Hunters Point resident, indicated that he was at the job fair and took a tour of the facility. He is looking for a steady job so he can continue to provide for

his kids. He asked for assistance from Norcal to secure a job at their facility and asked for the Commission to support the project.

Mark Edward, a Norcal employee for 2 ½ years, indicated that this would be a great opportunity for the Bayview Hunters Point residents. He asked for the Commission's support for Norcal's lease amendment.

Michael Rabago, West Coast Recycling, indicated that he is a union steward at Pier 96 and a Norcal employee for 14 years. Being employed at Norcal enabled him to purchase a house and support his family. Recycling is the future. Norcal will provide jobs for the community.

Marina Secchitano, Inland Boatmen's Union, spoke in favor of the Norcal's operation and asked for the Commission's support. She stressed the importance of having a maritime component included in the leasing of maritime properties.

Commissioner Hardeman indicated that this is an informational presentation; the Commission at this time will take no action. He thanked everyone for the presentation.

Commissioner Brandon thanked the group for their presentation. Commissioner Lee indicated that this is a good program and intends to support the project. Commissioner Hardeman concurred with Commissioner Lee's comments.

6. NEW BUSINESS/PUBLIC COMMENT

7. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Brandon moved approval; Commissioner McWilliams seconded the motion. All of the Commissioners were in favor.

At 5:55 p.m., the Commission withdrew to executive session to discuss the following:

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative. *

a. Property: Pier 70 Opportunity Area
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*San Francisco Arts Future Consortium (SFAFC): Christopher Meany
*AMB, LLC, Inc.: Luis Belmonte

b. Property: Piers 27-31
Person Negotiating: Port: Byron Rhett, Director of Planning & Development

*Mills Corporation: Steven J. Jacobsen

c. Property : Pier 96
Person Negotiating: Port: Mark Lozovoy, Acting Real Estate Director
*West Coast Recycling/Norcal: Don Gamlin

d. Property: Pier 43-½
Person Negotiating: Port: Mark Lozovoy, Acting Real Estate Director
*Franciscan Restaurant: Kevin Westlye

8. RECONVENE IN OPEN SESSION

At 6:56 p.m. the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Brandon moved approval to not disclose any information discussed in executive session; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

9. ADJOURNMENT

The meeting was adjourned at 6:57 p.m.

SAN FRANCISCO
PORT COMMISSION

DOCUMENTS DEPT.
JUN 6 2002
SAN FRANCISCO
PUBLIC LIBRARY

REGULAR MEETING
4:00 P.M., TUESDAY, JUNE 11, 2002
BAYSIDE CONFERENCE ROOM
PIER 1, SAN FRANCISCO, CA 94111

AGENDA

1. **ROLL CALL**

2. **APPROVAL OF MINUTES** - May 28, 2002 Regular Meeting

3. **EXECUTIVE**

   A. Executive Director's Report

4. **EXECUTIVE SESSION**

   A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

   B. CLOSED SESSION

      (1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
      This session is closed to any non-City/Port representative. *

      a. Property: Pier 70 Opportunity Area
      Person Negotiating: Port: Byron Rhett, Director of Planning & Development
      *San Francisco Arts Future Consortium (SFAFC): Christopher Meany
      *AMB, LLC, Inc.: Luis Belmonte

      Under Negotiation: ___ Price ___ Terms of Payment X Both
      An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 70.

5. **RECONVENE IN OPEN SESSION**

   A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12

   B. Vote in open session on whether to disclose any or executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

6. PLANNING & DEVELOPMENT

A. Arts Project at Pier 70: Request adoption of Resolution No. 02-16 which includes commendation of the San Francisco Arts Future Consortium (SFAFC) for its exceptional efforts; acknowledgement of SFAFC's election to terminate the Exclusive Right to Negotiate (ERN); and direction of staff to continue working on the future development of Pier 70. (Resolution No. 02-16) (Staff report provided to the Commission.)

B. Mixed Use Project at Pier 70: Request adoption of Resolution No. 02-17 which includes commendation of AMB Property L.P. (AMB) for its exceptional efforts; concurrence with staff's conclusion that there is insufficient basis to extend ERN Site Planning Process; acknowledgement that AMB elects to terminate the ERN if Site Planning Process is not extended; and consideration of AMB's request for a refund of the Earnest Money Deposit and fees paid to fund the Site Planning Process. (Resolution No. 02-17) (Staff report provided to the Commission.)

7. ENGINEERING & MAINTENANCE

A. Request authorization to advertise for Request for Proposals (RFP) for Rail Consulting Services. (Resolution No. 02-18) (Staff report provided to the Commission.)

8. NEW BUSINESS/PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to all Commissioners for review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

9. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) Discussion of Executive Director's Compensation for Fiscal Year 2002/2003.

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER:

a. Discussion and action of anticipated litigation matter "as defendant" pursuant to Section (b) of California Government Code Section 54956.9.

- Bistro Z, LLC: Discuss proposed settlement of potential litigation and action.

(3) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative. *

a. Property: Bryant Street Pier
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*San Francisco Cruise Terminal LLC: Glen Elkington

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at the Bryant Street Pier.

b. Property: Pier 1
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*AMB LLC: Luis Belmonte

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations regarding Pier 1.

c. Property : Pier 96
Person Negotiating: Port: Mark Lozovoy, Acting Real Estate Director
*West Coast Recycling/Norcal: Don Gamblin

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 96.

10. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12

B. Vote in open session on whether to disclose any or executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

11. ADJOURNMENT

Staff Reports: Explanatory Documents available to the public are posted on the Port's Website at www.sfport.com.

DOCUMENTS DEPT.

JUN 6 2002

SAN FRANCISCO
PUBLIC LIBRARY

JUNE/JULY 2002
CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
June 11	4:00 p.m.	Port Commission	Bayside Conference Room @ Pier 1
June 25	4:00 p.m.	Port Commission	Bayside Conference Room @ Pier 1
July 9	4:00 p.m.	Port Commission	Bayside Conference Room @ Pier 1
July 23	4:00 p.m.	Port Commission	Bayside Conference Room @ Pier 1

NOTES:
The San Francisco Port Commission meets regularly on the 2nd and 4th Tuesday of the month at 4:00 p.m., unless otherwise noticed, in the Bayside Conference Room @ Pier 1. Contact Amy Quesada at 274-0406 to be placed on the mailing list for Commission meeting agenda. ***The Commission Agenda and staff reports are also posted on the Port's Website @ www.sfport.com.***

The Fisherman's Wharf Waterfront Advisory Group meets regularly on the 3rd Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Person: Kirk Bennett @ 274-0545.

The Maritime Commerce Advisory Committee (MCAC) meets every other month on the second Wednesday at 11:30 a.m. in Bayside 1 @ Pier 1. Contact Person: Jill Simpson @ 274-0519. The schedule is as follows: June 13, 2002 (moved from May 8th); July 10, 2002, September 11, 2002, and November 13, 2002.

The Mission Bay CAC meets regularly on the 2nd Thursday of the month, from 5:00 to 7:00 p.m. at the Mission Bay Visitor Center (255 Channel Street). Please contact Tiffany Bohee at 749-2481 for more information.

The Northeast Waterfront Advisory Group meets regularly on the 1st Wednesday of the month at 4:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Person: Kirk Bennett @ 274-0545.

The Pier 70 Advisory Group meets monthly on an as-needed basis generally on the 2nd Wednesday of the month from 4 to 6 p.m. at the Potrero Campus of the California College of Arts and Crafts, Board Room, 1111 – 8th Street between Irvin and Hooper. Contact Person: Mark Paez @ 705-8674.

The Rincon Point-South Beach CAC meets regularly on the 3rd Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Please contact Tiffany Bohee at 749-2481 or 749-2400 for more information.

The Southern Waterfront Advisory Committee (SWAC) meets every 4th Monday of the month. Location to be determined. Contact Person: Diane Oshima @ 274-0553.

The Waterfront Design Advisory Committee meets the 3rd Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conference Room @ Pier 1. Contact Person: Dan Hodapp @ 274-0625.

Port Website: Check out the Port's Website at **www.sfport.com.**

ACCESSIBLE MEETING INFORMATION

Getting to Pier 1:
Pier 1 on the Embarcadero, at the foot of Washington St. The Embarcadero Station is the closest BART and MUNI Metro stop, located below Market St. at Drumm & Spear Streets. The nearest F-Line streetcar stop is on the Embarcadero at Washington St. MUNI bus lines serving the Pier 1 area are the 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142.

The nearest accessible parking is provided in the following off-street pay lots:
A) 1 space in the surface lot on the west side of the Embarcadero at Washington St.
B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets
C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking.

Metered street parking is available on the Embarcadero, Washington St. and Drumm St.

Pier 1:
The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Commission Bayside meeting room. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Commission meeting room.

Accessible meeting information policy:
In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Kevin Jensen, ADA Coordinator, at 274-0555. The Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance. Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, please contact Donna Hall, Administrator at 554-7724; fax 554-5163; e-mail address Donna_Hall@ci.sf.ca.us; City Hall, Room 244, One Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4689. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Ordinance Task Force, the San Francisco Public Library and on the City's Website at www.ci.sf.ca.us/bdsupvrs/sunshine.

Lobbyist Registration and Reporting Requirements. Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code §2.100) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

PORT OF SAN FRANCISCO

MEMORANDUM

June 5, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Denise McCarthy
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong DW
Executive Director

SUBJECT: Pier 70 Mixed Use Opportunity Area: Results of the Site Planning Process pursuant to Exclusive Rights to Negotiate agreements ("ERN") with AMB Property, L.P. ("AMB") and San Francisco Arts Future Consortium ("SFAFC") for a Mixed Use Project and an Arts Project, respectively.

DIRECTOR'S RECOMMENDATIONS:

(1) Arts Project at Pier 70: Request adoption of Resolution No. 02-16 which includes commendation of the SFAFC and its development team, led by Wilson Meany, for its exceptional efforts; find that the exceptional efforts of the Wilson Meany development team has significantly increased the Port's and community's knowledge about the value and preservation potential of certain historic facilities at Pier 70; acknowledge the SFAFC's election to terminate the ERN; and direct staff to continue working on the future development of Pier 70.

(2) Mixed Use Project at Pier 70: Request adoption of Resolution No. 02-17 which includes commendation of AMB for its exceptional efforts; concurrence with staff's conclusion that there is insufficient basis to extend the Site Planning Process; acknowledge that AMB has elected to terminate the ERN if the Site Planning Process is not extended; and consider AMB's request for a refund of the Earnest Money Deposit and fees paid to fund the Site Planning Process.

I. EXECUTIVE SUMMARY

In March 2001, the Port issued two Requests for Proposals (RFPs) for development projects within an approximately 14-acre Mixed Use Opportunity Area at Pier 70 in the Southern Waterfront near Illinois and 20th Streets. Pier 70 is one of only eleven such sites on the waterfront where non-maritime, revenue-generating uses would be allowed to assist the Port to meet its several responsibilities to support the maritime industry, address maintenance and capital

This Print Covers Calendar Item No. **6A&B**

improvement needs, carry out historic preservation and develop public access and open space. The "Arts Project RFP" called for a non-profit arts project of at least 150,000 gsf on 1.5 acres; the "Mixed Use RFP" called for a mixed-use development project on the remaining 12-acres (see Exhibits 3 and 4). Port staff worked closely with the Pier 70 Community Advisory Group (the "Advisory Group") to develop Goals and Objectives for each project RFP. At the time of the RFP release, San Francisco was in a period of heightened economic activity and the Port expected a substantial response from the development community, particularly for office uses.

In June 2001, the Port received responses from only two developers reflecting the comparatively sudden change in the local economic conditions. In August 2001, the Port Commission authorized staff to enter into an ERN with AMB for development of a Mixed Use Project and with the SFAFC for development of an Arts Project. Each authorization was subject to specific Conditions of Approval (see Exhibits 7 and 8). The AMB proposal included restoration of Building 101, a high priority for the Port, plus preservation of several other valuable historic elements of this unique site. A six-acre shoreline public access area was also designed into the AMB response. The SFAFC proposal focussed on a new building with an industrial design in the location proposed in the RFP.

Pursuant to the terms of the ERNs, the parties commenced a 90-day Site Planning Process to achieve optimal development plans for both projects within the Opportunity Area. Due to the complexity of the project, the parties agreed to extend this process for an additional 90 days, until June 12, 2002. This Staff Report summarizes the process and outcome of the Site Planning Process undertaken by the Port AMB and SFAFC. Per the ERNs, each developer was to have submitted, prior to the conclusion of the Site Planning Process, a Modified Proposal that would optimize the overall site and would include several elements dictated in the ERN. As explained below, neither Developer has submitted a Modified Proposal.

SFAFC developed two other alternatives to its original proposals, including the full rehabilitation of the historic Building 113 "Machine Shop". However, in late May the SFAFC notified the Port that it has elected to terminate its ERN due to the withdrawal of the largest participant in the consortium entity, the San Francisco Arts Institute.

AMB, which also pursued several months of study and development of alternatives, has now elected not to submit a Modified Proposal, on the basis that the high cost of developing the shoreline public access area and related amenities relative to the limited land area available for development prevents the development of the existing Mixed Use Opportunity Area in a manner that satisfies the ERN Conditions of Approval, the Pier 70 Goals and Objectives for the Project, as well as AMB's own development criteria. However, AMB has indicated it would be willing to extend the ERN Site Planning Process if significant additional land were added to the Opportunity Area, a possibility that would depend upon the conclusion of the Port's on-going negotiations with the San Francisco Drydock.

Staff recommends against extending the Site Planning Process for the following reasons: (b) extending the Site Planning Process also creates certain difficulties for the Port while it is in negotiations with San Francisco Drydock; (b) while additional acreage does make it possible to add more revenue-generating uses, the revenue is less overall, and significantly less per-acre than the alternative of continuing to lease land and facilities for interim uses, even with the low rental

revenues associated with that approach; and (c) before adding significant additional acreage to the Mixed Use Area, the Port should complete its negotiations with San Francisco Drydock and then undertake further study of the entire Pier 70 area to examine the historical significance and physical condition of the architectural resources, determine appropriate boundaries for maritime and non-maritime uses and coordinate with BCDC and/or State Lands Commission staff, as appropriate, to establish consistent land use and development objectives for the area Staff believes that the Port will be in a better position to achieve a successful development partnership for this property if such efforts are taken prior to offering a larger mixed use opportunity area, given the current market downturn.

Alternatively, if the Commission concurs with Staff's conclusion that an extension of the Site Planning Process is not justified, AMB has elected to terminate the Site Planning Process. As part of its termination, AMB has requested the Port refund its Earnest Money Deposit and other funds paid to support Port costs during the Site Planning Process.

The Advisory Group has provided recommendations to the Port concerning the outcome of the Site Planning Process, per the attached June 6, 2002 letter.

Part II of this report, the Background, covers activities prior to the commencement of the Site Planning Process and gives a summary of the many issues affecting this complex development effort. Subsequent sections include Part III, The Site Planning Process, and Part IV, Outcomes and Recommendations. Exhibits and maps are attached at the end of the report.

II. BACKGROUND

The 1995 Port *Waterfront Land Use Plan*, ("Waterfront Plan") identifies a 14-acre parcel at Pier 70 (see Exhibit 1) as one of eleven "Mixed Use Opportunity Areas" at which non-maritime revenue-generating uses are allowed, in order to provide new jobs, revenues, public amenities and other public benefits. The Pier 70 area is included, in part, to stimulate the rehabilitation of the remarkable collection of historic buildings located there, principally along 20th Street, that are now in a serious state of deterioration. These buildings, referred to locally as the "San Francisco Yard", constitute the oldest, largest and most intact historic industrial complex in the City.

After working for a year with the Pier 70 Community Advisory Group (the "Advisory Group"), established by the Port to encourage community participation in the planning for this mixed use area, the Port issued two RFPs for development at Pier 70: One RFP for a 12-acre Mixed Use Project and a second RFP for a 1.5-acre Arts Project to be sited near the corner of 20th and Illinois on Parcel K (see Exhibit 2). The timing of the RFP, in March 2001, was dictated in part by the fact that San Francisco was in a period of dynamic economic growth with high demand for office and support space. The Port expected a substantial response from the development community. Reflecting that optimism, the RFP capped the amount of office space it would entertain in a development proposal to 650,000 gsf.

By June, however, the local economic climate had changed substantially. The Port received only two responses, neither of them including more than a modest amount of office space. **AMB** submitted two proposals: (1) For the Mixed Use Site, a proposal to build four light industrial and assembly buildings, rehabilitate one historic building for 56,000 gsf of office use, and build a small retail building on Illinois Street (see Exhibit 3 and Table 1); and (2) For an expanded site, a

proposal that utilized both the Mixed Use Site and the Arts Site to build the same mix of uses along with a 150,000 gsf arts studio building on Illinois at 18th Street, overlooking Slipway #4 (see Exhibit 4). Both proposals included development of a six-acre shoreline open space, and preservation of several historically important elements of The Yard, such as the cranes and fences and Building 110, the former Wash House (which was to be converted for the use of boaters).

The SFAFC[1] also submitted two proposals for an Arts Project, as follows: (1) A proposal to develop a 190,000 gsf building at the original Arts Site on Parcel K near 20th and Michigan (see Exhibit 5 and Table 2); and (2) A proposal to build a larger building by extending into a portion of the adjacent Parcel H (see Exhibit 6).

On August 28, 2001 the Port Commission held a public hearing on the responses to the RFPs. The Staff Report prepared for the hearing affirmed the general responsiveness of both developers as to the ability and experience of the respondents, the quality of the respective development concepts, and financial capacity of the developers to successfully conclude their respective projects. Especially strong was AMB's approach to preservation of historic buildings (notably Building 101, but also other features), and its extensive development of open space.

With respect to the financial terms and conditions of the RFP, however, the Report noted deficiencies in both proposals. While the SFAFC proposal guaranteed the Port base rent, and was found to have a low degree of risk to the Port, it was found unlikely to offer participation rent. Similarly, staff found the AMB proposal only partially responsive to the RFP's financial goals. For example, the proposal offered neither guaranteed base rent, nor construction rent, and the returns to the Port were wholly dependent upon net proceeds from the project, which were low in the original proposal. The Staff Report noted, however, that AMB's plan included an alternative whereby certain of the industrial buildings had the potential to be converted from light industrial to general office and R&D uses.

Based on the Staff recommendations and its own analysis, the Port Commission authorized the Executive Director of the Port to enter into ERNs with AMB for a Mixed Use Project and with the SFAFC for an Arts Project, subject to certain Conditions of Approval (which are attached as Exhibits 7 and 8 , respectively). Achieving the financial Conditions of Approval remained a high priority for the Commission. The Port entered into ERNs with AMB and SFAFC on December 5, 2001 and December 18, 2001, respectively.

Pursuant to the terms of the ERNs, the parties commenced a 90-day Site Planning Process to achieve an optimal site plan for both projects within the Opportunity Area. Due to the complexity of the project, the parties later agreed to extend the Site Planning Process for an additional 90 days, until June 12, 2002.

---

[1] The SFAFC proposal described the SFAFC as a consortium consisting of ten, diverse arts organizations in San Francisco. The member organizations are Center for the Book, Dancers' Group, Joe Goode Performance Group, Lorraine Hansberry Theatre, New Langton Arts, Other Minds, San Francisco Art Institute, San Francisco Camerawork, San Francisco Jazz, San Francisco Shakespeare Festival. Wilson Equity Office and Wilson Meany were listed as the Fee Developers for the SFAFC.

The ERNs require each Developer to submit a Modified Proposal to the Port Commission, for its review and comment, prior to the June 11, 2002 public hearing. Based on its review, the Commission would give further direction to the Executive Director regarding the terms and conditions under which the projects could move forward. The ERNs contemplate the parties would enter into amendments to the respective ERN agreements which reflect the Commission's terms and conditions. If the amendments are not entered into within 60 days after the Commission Review occurs, any party may terminate its respective ERN.

The ERNs require each Modified Proposal to include, at a minimum, the following: a comprehensive site plan; an updated financial proposal; a preliminary parking plan; proposed approximate heights of any new buildings; and locations of important view corridors and open space elements.

III. THE SITE PLANNING PROCESS

The main objective of the Site Planning Process was to create an optimum plan and design for the entire Opportunity Area that best achieved the Conditions of Approval for both an Arts Project and a Mixed Use Project. Despite the shortcomings of the financial proposal for the Mixed Use Project, the Port anticipated opportunities for further site optimization within the Site Planning Process that would yield more favorable returns to the Port and developer. The Port intended to determine the most appropriate site for the Arts Project through the Site Planning Process.

Early in the process, a schedule was established for the tasks and work products to be completed. The schedule included regular meetings with the Advisory Group to provide opportunity for community input throughout the process.

A collaborative planning effort quickly evolved. Developer teams from AMB Property and Wilson Meany (the developer for SFAFC) met almost weekly with the Port during the first phase of the Site Planning Process. The group discussed many different options for organizing the land uses within the Opportunity Area. Potentially viable options were evaluated against the project Goals and Objectives in the RFPs, the Port Commission's Conditions of Approval for each project, and the design guidelines enunciated in the Waterfront Plan and Design and Access element.

The Site Planning Process proceeded through three overall phases:

A. Early development and evaluation of a joint modified alternative for both the Arts and Mixed Use Sites
B. Evaluation of Additional Arts Sites by SFAFC
C. Evaluation of Additional Mixed Use Strategies by AMB

A. Early Development and Evaluation of a Joint Modified Alternative for both the Arts and Mixed Use Sites

Achieving maximum site efficiency for the revenue-producing uses proposed by AMB without jeopardizing the Arts Project was the key issue the parties attempted to resolve during the initial Site Planning Process. As noted above, the AMB Optional Proposal had contemplated

developing an Arts building on Illinois Street between 18th and 19th because AMB believed that that location had greater potential for an efficient layout for arts uses than it did for industrial uses and that tenants of an Arts building would help activate the adjacent slipway and shoreline open space. Upon further investigation, SFAFC agreed with AMB's initial assessment that an arts facility along Illinois Street offered substantial benefits for an Arts Project: The location overlooked the proposed shoreline open space area to be developed principally by AMB and offered a front door onto Illinois Street, with greater public visibility than did Parcel K, which is set back from the actual corner of 20th and Illinois.

The result of this initial investigation was the development of a joint conceptual site plan ("Alternative #1") that accommodated the SFAFC Arts Project on Illinois between 19th and Mariposa, in two buildings linked by a public plaza leading out onto Slipway #4 (see Exhibit 9). Parcel K, previously proposed by SFAFC for the Arts Project, became the proposed site of one 32,400 gsf building for an AMB industrial building, with a second 32,400 gsf building adjacent to it on Parcel H, at the corner of 20th and Illinois.

Overall, the change in industrial land use in this alternative was modest. The total industrial square feet rose by 13,200 to 149,600 gsf. However, the proposed Arts Project buildings extended along Illinois from 19th to Mariposa, encompassing the retail site in AMBs original proposal, and incorporating the approximately 14,000 gsf of retail use into the Arts program. The changes were viewed favorably by the Advisory Group.

Before beginning a formal analysis of Alternative #1, Port staff visited similar industrial development and shoreline improvement projects, including AMB industrial projects in San Leandro, CA, as well as similar-scaled waterfront projects developed by the Port of Oakland and the Port of Richmond.

Using the evaluation criteria as well as the information gathered from the site visits, Staff evaluated Alternative #1 together with the Developers. While the joint proposal achieved many of the Goals and Objectives for both projects, there were a number of critical issues that remained unresolved, including:

- *Insufficient financial returns to the Port.* While the preponderance of the analysis was focused on site uses and regulatory concerns, an overriding defect of the new alternative remained the poor revenue yield to the Port. Alternative #1 added only 13,000 square feet of revenue-generating industrial space, an amount that did not significantly improve the financial viability of the Mixed Use Project.

  Staff analysis of the financial issues of Alternative #1 resulted in the following conclusion: *the relatively low rental revenues generated by industrial warehouse buildings could not support the combination of high costs associated with the public benefits while meeting both the Developer's financial requirements and the Port's minimum revenue needs.* AMB expressed its view that the market for office uses – those that had been identified in the project feasibility studies prepared for the Port by Economics Research Associates (ERA) in advance of issuing the RFP – did not exist in the current down market and, significantly, maintained the view that *the revenue potential could only be increased by expanding the developable land area or scaling back the open space improvements.*

- *Public Trust Considerations.* Alternative #1 posed potential problems from a public trust perspective because it proposed to site a portion of the Arts Project (a two- or possibly three-story building north of 18th Street) within approximately 30-feet of the existing shoreline. Due in part to the difference in the title history between this portion of Pier 70 and Parcel K, new development on the shoreline site would likely have to make a stronger demonstration of satisfying the Port's public trust obligations than would development at Parcel K.

Effect on view corridors, pedestrian access and activation of Illinois Street of somewhat larger-scaled buildings in the core. Staff responded favorably to several aspects of AMB's original site plan because it maintained the urban street grid from the neighborhood into the site, and preserved or enhanced views to the Bay from City streets. However, in Alternative #1, pedestrian access between 20th Street (the area's "main street") and the shoreline was not particularly well developed. Also, the location of ancillary offices or active areas within the industrial buildings could influence the successful activation of Illinois Street. With the addition of another industrial building on Illinois Street south of 20th , Alternative #1 posed additional challenges for enlivening that street. AMB offered to explore designs that would make the street-side of the buildings more attractive, placing office uses there, and perhaps including some neighborhood retail elements.

In order to address these issues and, particularly, to improve the project economics, AMB next pursued a number of creative strategies for developing the Mixed Use Project. Concurrently, Wilson Meany began to examine two new sites for the Arts Project. While the developers and Port were in close communication throughout this process, each developer moved into parallel, but separate, paths of analysis.

B. Evaluation of Alternative Arts Sites by SFAFC

SFAFC began investigating two alternative sites for the Arts Project. Given the analysis of Alternative #1, there were two key objectives for the alternative Arts Project sites : 1) Consider locations that might be more clearly consistent with the regulatory requirements governing the Pier 70 Opportunity Area; and 2) Consider locations outside of the Opportunity Area, that would allow the Mixed Use Project to maximize development within.

With input from the Port, SFAFC then examined two alternative sites: 1) A site along Illinois Street between 18th and Building 101, and 2) the Building 113-116 complex. The original Arts Site, Parcel K , was no longer being pursued and that site was now included as part of AMB's potential Mixed Use Project area (See Exhibit 10).

1. An alternative Illinois Street Site.

The Port and SFAFC identified an alternative Arts Site on Illinois Street between 18th and Building 101, slightly further south than the Arts Site proposed in Alternative #1. This alternative proposed constructing a new, two-wing building within the 40-foot height limit for the site.

2. The Building 113 "Machine Shop" complex.

Port staff was aware that the San Francisco Drydock would not likely continue to lease a series of historic buildings along Michigan Street, including the prominent "Machine Shop" Building 113, beyond the lease expiration date of December 2002. Building 113 is an unreinforced masonry building subject to State and City ordinances requiring seismic stabilization by February 2004. Wilson-Meany undertook a feasibility analysis of the building and three adjoining buildings (No. 114 – 116) for adaptive reuse for the Arts Project. Although these buildings are outside of the Pier 70 Opportunity Area, the RFP empowered the Port with the ability to expand or contract these boundaries in the course of negotiations during the ERN period. After touring the building, the SFAFC membership expressed strong enthusiasm about this alternative.

The Building 113-116 complex includes enormous warehouses and one of the two or three most historically notable structures at Pier 70. Close to 100,000 gsf in size, Building 113 was built in three phases, with the earliest dating to 1883. Its vaulted ceilings, double racks of multi-ton crane racks, red brick exterior, extensive windows, and beautifully crafted beams and strutwork evoke its long history of ship-building and ship-repair. Its importance to the Pier 70 preservation goals was further highlighted by a cultural resources study undertaken by the City of San Francisco Planning Department, completed during the period of the Site Planning Process.

Wilson Meany's architectural team led by Gordon Chong & Associates prepared programming studies, schematic plans and elevations for each of the above noted alternative sites. The developer team prepared updated development cost estimates for each.

3. Findings

New Building on Illinois Street. SFAFC's architectural team proposed that if a new Illinois Street were selected, it should be sited such that two wings of the building would flank a plaza that sloped down to Slipway #4. The resulting facility would house the San Francisco Art Institute in one half of the structure and the remaining members in the other half. With well-programmed space, views of the Bay, and main entrance on Illinois Street, the design offered a number of attractive features. Costs were comparable to the Building 113 complex rehabilitation.

Historic Restoration of Building 113 Complex. SFAFC determined that Building 113-116 would be highly suitable for the Arts Project. Engineering analyses indicated the building could be rehabilitated to "insert" a new building inside the walls, with sufficient space to house the full SFAFC program. By adding two full floors and a partial third floor mezzanine, some 240,000 gsf of program space could be built within the restored historic buildings, sufficient to house all 10 consortium organizations, plus provide for an elegant entry, common space, Jazz Club, small eating area and outdoor work/event space. Development costs were estimated at around $50 million to $55 million, which were comparable to that of constructing a new building on Parcel K.

Presentation of design alternatives to Port Staff. Wilson Meany and Gordon Chong and Partners presented the two schematic designs to Port staff on May 7, 2002 and requested that Port Staff consider the alternatives and recommend their preference to the SFAFC. Both designs prompted enthusiastic reactions from the Staff. The Illinois Street building revealed the feasibility of designing a large structure and successfully integrating Slipway #4 into the design . At the same

time, the historic restoration plan for the Building 113 complex plan was extremely well received, because it provided a well-designed interior layout and rehabilitation plan with a gracious entry, a multi-use courtyard, and efficient use of the floor area. Overall, the Staff informally endorsed the Building 113 complex design as a superior choice for the SFAFC and for the Port, as it would preserve a valuable historic building and optimize the Mixed Use Site overall.

C. Evaluation of Alternative Mixed Use Development Plans by AMB

While SFAFC was exploring alternative sites for the Arts Project, AMB continued to expend significant effort exploring development alternatives for a Mixed Use Project. Specifically, AMB sought to design a development project that could improve the financial return to the Port while continuing to achieve at least some of the requisite public benefits and most of the Goals and Objectives. AMB pursued two basic strategies: (1) deferring, scaling back, or cutting completely some of the public benefits, both open space and historic renovation, *thereby lowering costs*; and/or (2) increasing the land area that could be developed for industrial uses, thereby *increasing revenues*.

1. Reducing Development Costs.

Several scenarios were examined in which the open space program was scaled back in area and quality, built out only in phases, or indefinitely postponed. Concurrently, AMB continued to improve the reliability of its construction cost estimates, update its market rental revenue projections, and investigate construction financing options that could lower some of the costs.

AMB's analysis revealed that construction costs were rising while market rents were deteriorating. However, they also found that certain industrial bond approaches looked promising for lowering the equity financing costs for the open space and infrastructure. Working closely with new cost estimators and their landscape consultant, AMB also proposed a shoreline open space and public access plan that would still be consistent with the Port's goals, but would reduce the costs by several million dollars.

Solely to illustrate the impact of reducing the costs of the open space (combined with other cost reductions) on the project economics and the Port revenues AMB generated two hypothetical Scenarios 1 and 1a (see Table 3, "Current Boundary Scenarios").

Current Boundaries - Scenario 1. Reduce Open Space by 33%. This scenario assumed only the current acreage of the Mixed Use Opportunity Area. Building 101 continued to be rehabilitated, though Building 110 was scaled back. The cost of the open space was cut by one-third, from $9.5 million to $6.4 million, by eliminating or delaying the improvement of the open space between Pier 66 and 19th Street.

The total development costs summed to $39.96 million. However, the initial Port rent was calculated at zero. Using an 11% discount rate, which reflects the higher risk associated with the project, and assuming20 years, AMB calculated the NPV of the Port revenues and it was also found to be $4.75 million. , including income derived from the current tenant leaseholds and passed on to the Port.

Current Boundaries –Scenario 1a. Reduce Open Space Completely. Scenario 1a then showed the effects of completely eliminating the costs of open space, such that the total development costs for the Mixed Use Project in this scenario dropped to $33.66 million. Initial Port rent then increased to $169,000. Calculated on the basis of a 20-year NPV at an 11% discount rate the Port revenues were calculated to be $6.34 million, including current tenant income.

These scenarios pointed up the finding that even with the open space eliminated Port revenues did not achieve the financial goals set forth in the Conditions of Approval. For example, neither of the above development scenarios resulted in a guaranteed base rent . AMB and the Port agreed that the scenarios were useful for understanding the effect of the open space costs; however, eliminating or significantly reducing the program of open space improvements in the project would jeopardize the feasibility of meeting the regulatory requirements for the project by weakening the rationale for permitting non-public trust uses on public trust land. Nor would the community participants be supportive of a plan that did not deliver improved access to the site and the shoreline.

Based upon this analysis, the Port concurred with AMB's conclusion that there was no feasible Modified Proposal for a Mixed Use Project within the current Opportunity Area.

2. Expanding the Mixed Use Site Area.

AMB then examined its other approach to improving revenues, that of expanding the land area. They maintained that only by adding square footage of development could higher efficiencies and incremental revenue be achieved . The most obvious source of additional land was the 4-5 acre portion of the San Francisco Drydock leasehold immediately south of the Mixed Use Opportunity Area (see Exhibit 11). Although the land was not then available for lease, AMB was aware that the Port and the Drydock were entering new lease negotiations that could result in making this additional land available for other uses. Table 3 "Expanded Boundary Scenarios" illustrate the effect of these scenarios.

AMB noted that if the Arts Project were located in the Building 113 complex, the area along Illinois between 18th and 20th could be used to relocate any displaced existing tenants on Parcels K, H and elsewhere, such that the current income stream to the Port from short-term interim uses could be retained. AMB proposed to manage these uses as sub-tenants, passing the rental income received to the Port, minus any costs of relocation and operations. Estimated relocation and operating costs for these tenants were not provided, so the expected revenue to the Port from such uses is not known.

Thus, for purposes of calculating the revenue impact of adding 4-5 acres, AMB prepared two concept scenarios for utilizing an expanded Mixed Use Opportunity Area.[2] Adding this acreage made it possible to increase the area developed in industrial buildings from one relatively small building of 33,000 gsf to two much larger ones, a single 75,000 gsf building and a second one at 48,000 gsf .

Table 3 illustrates the results of these final scenarios.

[2] The expanded scenarios assume an Arts Project is located outside of the Opportunity Area

Expanded Boundaries – Scenario 2: Single Phase Industrial Built-Out – The build out for an expanded scenario (see Exhibit 11) totaled 18.5 acres In the Scenario 2 concept plan, AMB built five new light industrial buildings, totaling 236,700 gsf, in a single phase; rehabilitated Building 101 and 104 (the latter an unreinforced masonry building) and demolished Building 40. The open space was reduced by about one-third by eliminating the open space between Pier 66 and 19th. Interim tenants were moved to the former Arts Site on Illinois between 18th and 19th. None of the other historic elements were rehabilitated.

The total development costs rose to $58.24 million in Scenario 2; however, initial Port rent was reduced from Scenario 1a, to $57,622. The 20-year NPV Port revenue, at 11%, increased to $7.52 million.

Expanded Boundaries - Scenario #3: Two Phase Development – This final development concept was far more extensive than Scenario #2 and had more assumptions concerning the timing of a market change. In the first of two phases, (see Exhibit 12 and 13 for the site layout) AMB would build two new industrial buildings for a total of 123,900 gsf, and rehabilitate Buildings 101 and104. The scenario then assumed that the balance of the site was not developed for perhaps another five years, after which it was assumed there would be a market demand for higher-yielding uses (i.e. light R&D and/or biotech). At that point AMB's concept scenario added Phase 2, three new "light R&D" totaling 226,660 gsf and a new 64,000 gsf retail building on Illinois. Half of the proposed open space would be built in Phase 1 and the remainder after five years in Phase 2.

Scenario #3 more nearly resembled the Mixed Use proposal anticipated by the RFP, in that only the core of the expanded area is built for industrial uses. The higher-value sites along the shoreline, along Illinois and at 20th and Michigan (Parcels K and H) would be held for higher uses, including "light office/R&D". Total development costs rose to $127.9 million; the Port initial rent rose to a combined 4 $2.11 million and, the Port NPV at 11% over 20 years was calculated to be $12.52 million, including continuing interim tenant rent.

3. Staff Analyses of the Expanded Scenarios.

The Expanded Scenarios are based upon the assumption that the Opportunity Area may be expanded to include some property currently leased by San Francisco Drydock (the "Drydock"). The Port is currently in negotiations with the Drydock concerning lease areas which expire in December 2002, including land and buildings adjacent to the Opportunity Area. The outcome of the negotiations may or may not yield additional land for inclusion in an expanded Mixed Use Opportunity Area and the time period for these negotiations could extend beyond the lease expiration date if mutually agreed by both parties.

Staff has considered the idea of extending the Site Planning Process for a period of time sufficient to complete the Drydock negotiations, at which point, some additional land may be available for expanding the Opportunity Area and creating a larger Mixed Use development site. We do not find sufficient basis to extend the Site Planning Process based upon the following reasons :

1) E*ffect upon negotiations with San Francisco Drydock.* An extension of the Site Planning Process could inadvertently create a presumption that the Port expects to receive a significant

increase in rental revenues by not renewing the Drydock's lease for certain parcels. In fact, the outcome of a continued Site Planning Process is somewhat speculative, even under the most optimistic expanded-site scenario. Staff is therefore concerned that an extension of the Site Planning process could have a negative effect upon the Drydock negotiations.

2) *Risk associated with development feasibility.* Each of the expanded site scenarios poses varying levels of risk in terms of development feasibility. Scenario #2 is less speculative, since there is presently good market demand for the large industrial use component of the project and it would be built in a single phase. However, some of the shoreline would remain inaccessible for an undetermined time period, which fails to fully satisfy the project Conditions of Approval and may hinder the attainment of certain requisite regulatory approvals. The open space, historic restoration and other public benefits are most feasibly developed in Scenario #3. However, this is the most speculative scenario because it is highly dependent upon a near-term change in the market demand for higher-yielding uses such as biotech or "light R&D", an assumption that is illustrative for the financial analysis but not well supported.

3) *Financial analysis of Expanded Scenarios 2 and 3.* Assuming that 4-5 acres of additional land were added to the Mixed Use Project site, Port staff evaluated Scenarios 2 and 3 which present two approaches for phased development of the site and deliver most or all of the desired public benefits over varying time periods, with varying projected revenues and potential risk to the Port.

The favorable features of the expanded scenarios are the rehabilitation of one or two historic buildings, and the development of shoreline access improvements either partially or, under Scenario 3, more fully.

From a financial perspective, Scenarios 2 and 3 yield higher rents to the Port than did development alternatives confined to 12-acre Opportunity Area, indicative of spreading the cost of open space and other site costs over a larger development area. However, the financial proposal associated with the expanded scenarios does not satisfy the ERN Conditions of Approval, including the requirement for guaranteed base rent.

In order to compare the AMB alternative to other, conservative, scenarios the Port might pursue, at least theoretically, Port staff compared Scenarios 2 and 3 to simply "land banking" the site--an alternative that maintains the revenues currently realized by interim uses and leases the balance of the Pier 70 Mixed Use Opportunity Area for other short-term uses at the same low rental rates. Compared to the AMB scenarios, the land banking alternatives generate more revenue to the Port and require far less land area to do so as noted herein: [3]

- Rental revenues from current interim tenants, leasing only the current 2.8 acres of land, yield an NPV over 20 years of $4.87 million, at 6% interest. (The 6% reflects the very low risk associated with continuing to lease to interim tenants.) The Port would have 9.7 acres more to lease.

[3] It should be noted that the AMB scenarios take into account the costs associated with the public benefits of historic preservation and open space, while the Port alternative scenarios assume no such benefits. However, the AMB "expanded boundary" site revenue projections do not take into account any costs associated with moving and re-housing the Drydock functions in order to make the additional land available for development.

- On the basis of NPV/acre, that revenue translates to $1.74 million/acre; compared to $410,000/acre from the Scenario #2 and $680,000/acre for Scenario #3.
- If the remaining 9.7 acres were leased at the same lease rate as the current tenants, theoretically, the *additional* NPV over 20 years would be $16.87 million.
- The total Port rent would then be $21.74 million, or twice that of the NPV resulting from AMB's most optimistic Scenario #3.
- If the 4.5 acres of the Drydock were added to the Mixed Use zone and leased at the same low rate as the current interim leaseholds, the NPV over 20 years would rise by another $9.18 million, for a total of $30.89, which is higher than AMB's most optimistic scenario.

3) *Site Planning Issues.* The expanded scenarios presented certain site planning concerns. The 75,000 gsf building in the core no longer fit the City block scale of the original response. Pedestrian pathways between 20th and the shoreline were blocked, as were view corridors into the site from 20th Street. One industrial building interrupted the street grid and view corridor to the Bay down 19th Street. AMB attempted to rectify these limitations by shaving back the buildings or moving them to free up the view corridors; however every reduction in building size also inevitably led to lowered revenues to the Port.

4. Conclusions

In conclusion, Staff noted that the Port would be leasing the entirety of the Opportunity Area for 66 years to develop these relatively low-yielding land uses. As a result, there would be a substantial opportunity cost to the Port over the alternative of waiting out this business cycle. Clearly, a land banking approach does not deliver the public benefits planned for the Mixed Use Opportunity Area. In time however, Staff expects that there will be a market for higher-yielding uses for this site that will generate residual land value sufficient to fund the desired public benefits and optimize Port rental revenues over the long term.

During the Site Planning Process, much has been learned regarding the challenges and opportunities for development in the Pier 70 area. The development concepts suggested by the AMB and SFAFC development teams illustrate great possibilities for quality waterfront development in this area. The conclusions of the process illustrate some of the greatest challenges to developing the site, such as high site development costs that include a scope and scale of public shoreline improvements that are highly desirable. In addition, the Planning Department's Survey of Historic Resources in the Central Waterfront area, including the buildings at Pier 70, provides new information that may be utilized to better understand the varying significance of architectural resources in the Pier 70 area.

In light of the analysis and the final outcome of the Drydock negotiations, the Port may wish to re-examine the larger Pier 70 area and determine an appropriate area for Mixed Use development. By taking a broader view of the Pier 70 area, the Port could examine the historical significance and physical condition of the architectural resources, determine appropriate boundaries for maritime and non-maritime uses and coordinate with BCDC and/or State Lands Commission staff, as appropriate, to establish consistent land use and development objectives for the area. By taking these steps, Staff believes that the Port will be in a better position to achieve a successful development partnership for this property in the future.

In addition, the Advisory Group has provided recommendations to the Port concerning the outcome of the Site Planning Process, per the attached June 6, 2002 letter.

IV. OUTCOMES AND RECOMMENDATIONS

A. SFAFC: Unable to Submit Modified Proposal; Terminating ERN

In mid-May, representatives of the SFAFC explained that the largest member of the Consortium, the San Francisco Arts Institute, would be undertaking an institutional strategic plan including a reevaluation of its academic program needs and resulting space requirements. The Art Institute planned to focus exclusively on this effort in the near term and, consequently, withdrew its membership in the SFAFC. After due deliberations, the remaining members of the SFAFC sent a letter to the Port indicating it would not be in a position to submit a Modified Proposal and would, therefore, terminate its ERN for development of an Arts Project. SFAFC expressed its desire to continue to search for solutions to the space needs of its remaining partners and hoped to be able to revisit the opportunity to lease space at Pier 70.

Recommendation: Port staff recommends that the Port Commission adopt Resolution 02-16 in order to, 1) Commend the SFAFC and its development team led by Wilson Meany for their exceptional efforts in analyzing alternative sites for an Arts Project at Pier 70 and working in good faith with Port staff and the Advisory Group during the Site Planning Process; 2) find that the exceptional efforts of the Wilson Meany development team have significantly increase the Port's and community's knowledge about the value and preservation potential of certain historic facilities at Pier 70; 3) acknowledge the SFAFC's election to terminate the ERN due to the occurrence of unforeseen events affecting the organization of the SFAFC; and 4) direct staff to continue working with the Advisory Group regarding the future development of Pier 70.

B. Final AMB Conclusion – No Feasible Project in the Mixed Use Opportunity Area. Willing to Extend ERN Site Planning Process to Pursue Potential Project in an Expanded Opportunity Area. If no Extension is Desired by the Port Commission, AMB to Terminate the ERN.

In late May, AMB submitted a summary of its analysis of Mixed Use development options at Pier 70. AMB noted that the analysis included final efforts to update and reconcile development cost estimates, preserve existing income from interim uses, design a safe and accessible open space, and use bond financing to lower equity financing costs for open space and related infrastructure. AMB concluded that the combination of these efforts results in improvements to the economics of the transaction; however, the development of the Opportunity Area remains a challenge economically because of the extremely high costs of the open space development relative to the revenues that can be generated from limited industrial development. AMB believes that development of the Opportunity Area is only economically viable without the development of the open space, or by expanding the site to add more industrial buildings that can generate additional revenues to absorb the high open space costs .

In light of these findings, AMB has elected not to submit a Modified Proposal for a Mixed Use Project. However, AMB indicated it would be willing to extend the Site Planning Process pending the conclusion of the Drydock negotiations, if the Port Commission wished, in order later to pursue the expanded site options.

As discussed previously, Staff evaluated the expanded boundary concepts and concluded they did not sufficiently improve revenues over the alternative of land banking the site and continuing to lease it to interim uses. They also found that extending the Site Planning Process would create other difficulties for the Port. Therefore, Staff recommend against extending the Site Planning Process for the following reasons: (b) extending the Site Planning Process also creates certain difficulties for the Port while it is in negotiations with San Francisco Drydock; (b) while additional acreage does make it possible to add more revenue-generating uses, the revenue is less overall, and significantly less per-acre than the alternative of continuing to lease land and facilities for interim uses, even with the low rental revenues associated with that approach;; and (c) before adding significant additional acreage to the Mixed Use Area, the Port should complete its negotiations with San Francisco Drydock and then undertake further study of the entire Pier 70 area to examine the historical significance and physical condition of the architectural resources, determine appropriate boundaries for maritime and non-maritime uses and coordinate with BCDC and/or State Lands Commission staff, as appropriate, to establish consistent land use and development objectives for the area Staff believes that the Port will be in a better position to achieve a successful development partnership for this property if such efforts are taken prior to offering a larger mixed use opportunity area, given the current market downturn. Alternatively, if the Site Planning Process is not so extended, AMB has elected to terminate the ERN and requests a refund of its Earnest Money Deposit of $100,000 and the $35,127 in fees paid to date to fund the Port staff and consultants required to complete the Site Planning Process as required by the ERN.

Recommendation: Port staff recommends that the Port Commission adopt Resolution 02-17 in order to, 1) Commend AMB Property for their exceptional efforts in analyzing alternative proposals for a Mixed Use Project at Pier 70 and working in good faith with Port staff and the Advisory Group during the Site Planning Process; 2) find insufficient basis for extending the ERN Site Planning Process based upon staff's and it's own analysis; 3) acknowledge that, as a result of the foregoing resolution, AMB has elected to terminate the ERN; and 4) direct staff to continue working with the Advisory Group regarding the future development of Pier 70.

TABLES AND EXHIBITS

Exhibit 1:	Map of the Pier 70 Mixed Use Opportunity Area in the Waterfront Plan, expanded
Exhibit 2:	Map of the Mixed Use Opportunity Area per Pier 70 RFP with Pier 66
Exhibit 3:	Map of AMB's Base Proposal for the Mixed Use Site
Exhibit 4:	Map of AMB's Optional Proposal for a Combined Mixed Use and Arts Site
Table 1:	AMB RFP Response Summary
Exhibit 5:	Map of the SFAFC Base Proposal for the Arts Site
Exhibit 6:	Map of the SFAFC Optional Proposal for the Arts Site
Table 2:	SFAFC RFP Response Summary
Exhibit 7:	ERN Conditions of Approval for AMB
Exhibit 8:	ERN Conditions of Approval for SFAFC
Exhibit 9:	Joint Modified Proposal for Arts and Mixed Use Site – Alternative #1
Exhibit 10:	SFAFC Alternatives Sites on Illinois and at Building 113
Exhibit 11:	AMB Expanded Scenario #2
Exhibit 12:	AMB Expanded Scenario #3-Phase 1
Exhibit 13:	AMB Expanded Scenario #3-Phase 2
Table 3:	Comparison of AMB Scenarios 1, 1a, 2, 3-Phase 1 and 3-Phase 2

EXHIBIT 1
MAP OF PIER 70 MIXED USE OPPORTUNITY AREA WITHIN A PORTION OF THE SOUTHERN WATERFRONT

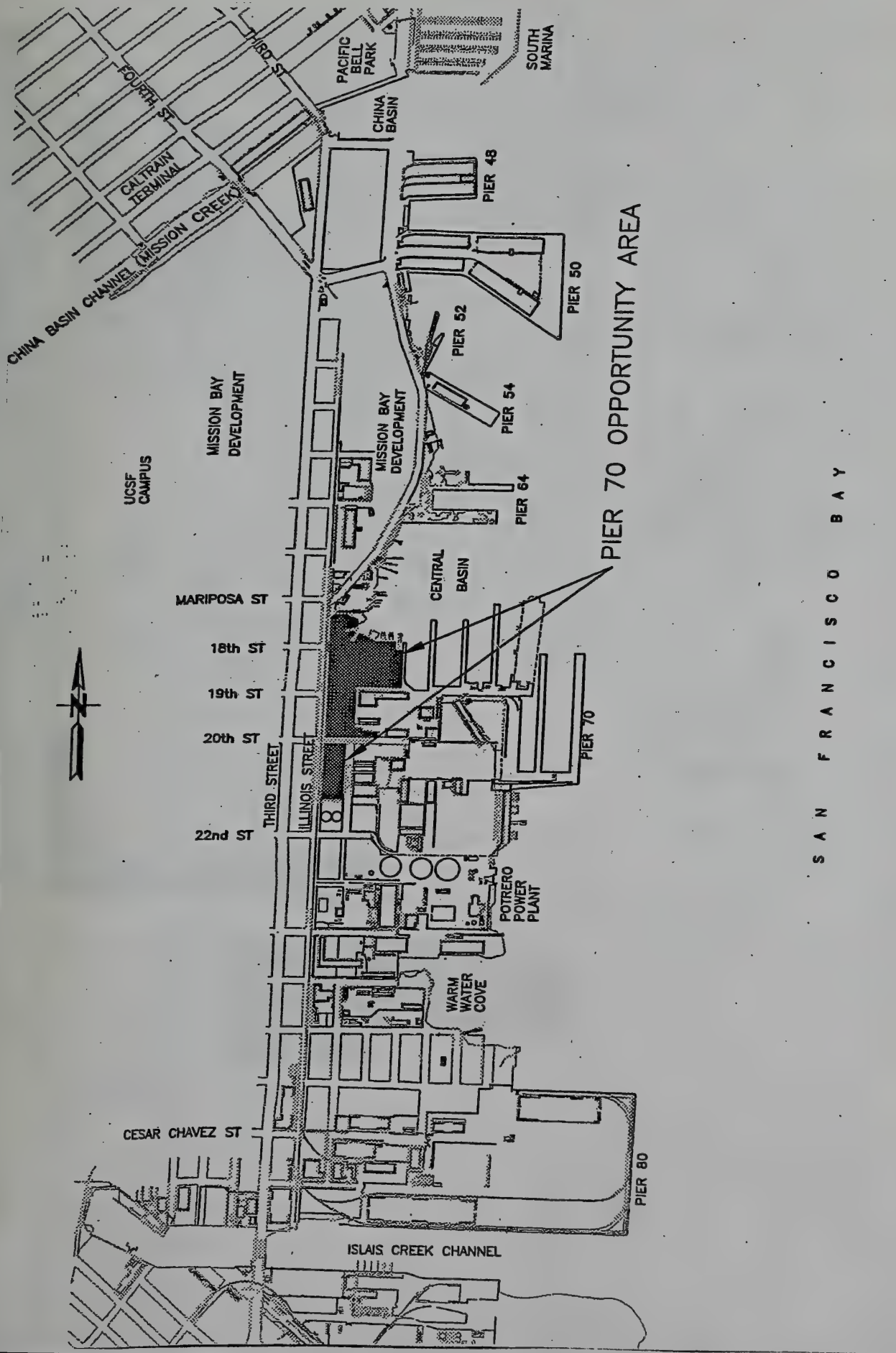
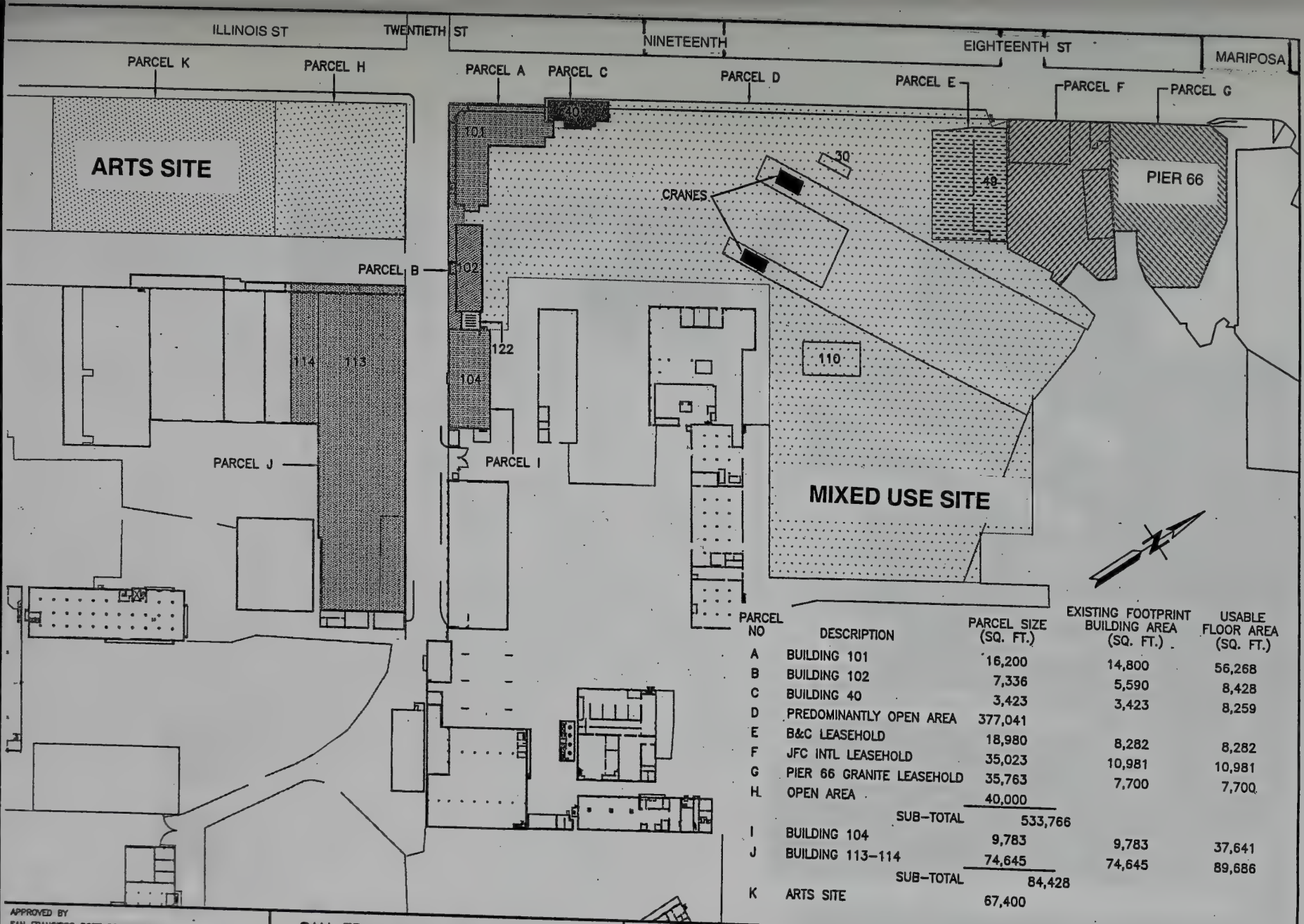


EXHIBIT 2
MAP OF THE PIER 70 MIXED USE SITE AND THE ARTS SITE



PARCEL NO	DESCRIPTION	PARCEL SIZE (SQ. FT.)	EXISTING FOOTPRINT BUILDING AREA (SQ. FT.)	USABLE FLOOR AREA (SQ. FT.)
A	BUILDING 101	16,200	14,800	56,268
B	BUILDING 102	7,336	5,590	8,428
C	BUILDING 40	3,423	3,423	8,259
D	PREDOMINANTLY OPEN AREA	377,041		
E	B&C LEASEHOLD	18,980	8,282	8,282
F	JFC INTL LEASEHOLD	35,023	10,981	10,981
G	PIER 66 GRANITE LEASEHOLD	35,763	7,700	7,700
H	OPEN AREA	40,000		
	SUB-TOTAL	533,766		
I	BUILDING 104	9,783	9,783	37,641
J	BUILDING 113-114	74,645	74,645	89,686
	SUB-TOTAL	84,428		
K	ARTS SITE	67,400		

APPROVED BY
SAN FRANCISCO PORT COMMISSION
DATE
CHIEF HARBOR ENGINEER

SAN FRANCISCO PORT COMMISSION
PORT OF SAN FRANCISCO
DEPARTMENT OF ENGINEERING

FIGURE 3
PIER 70 OPPORTUNITY AREA
& BUILDINGS POTENTIALLY ELIGIBLE
INDIVIDUALLY FOR NATIONAL REGISTER

DRAWN BY
CHECKED BY: A. BASH
DRAWING NO.
DATE: FEB 28, 2001
SCALE: 1" = 200'
SHEET NO.
OF SHEETS

G:\CIVIL CADD\SURVEY\SW1340DEV.DWG

EXHIBIT 3
AMB BASE PROPOSAL FOR A MIXED USE PROJECT IN THE PIER 70 MIXED USE OPPORTUNITY AREA

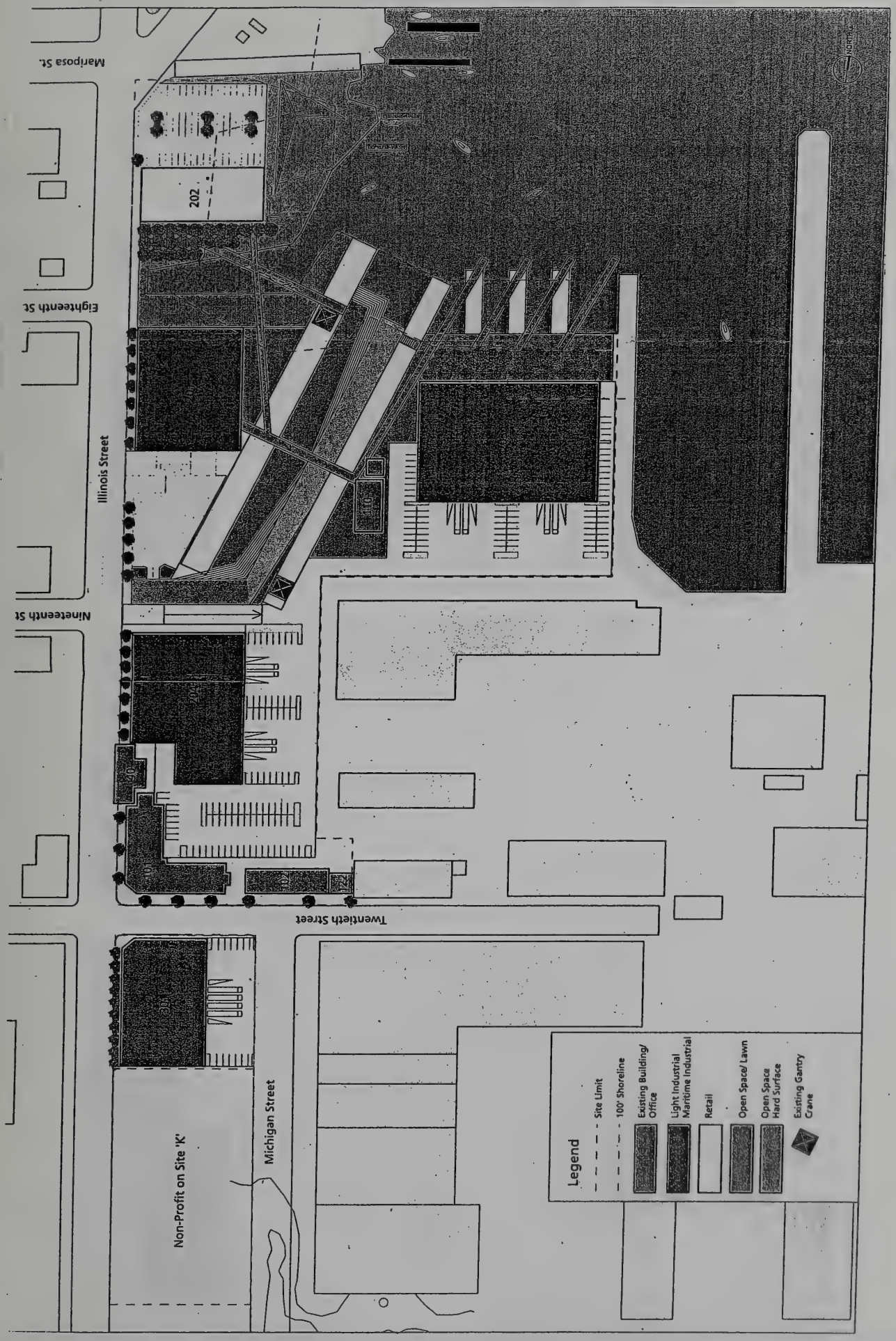


EXHIBIT 4
AMB OPTIONAL PROPOSAL FOR BOTH A COMBINED MIXED USE AND ARTS PROJECT IN THE PIER 70 MIXED USE OPPORTUNITY AREA

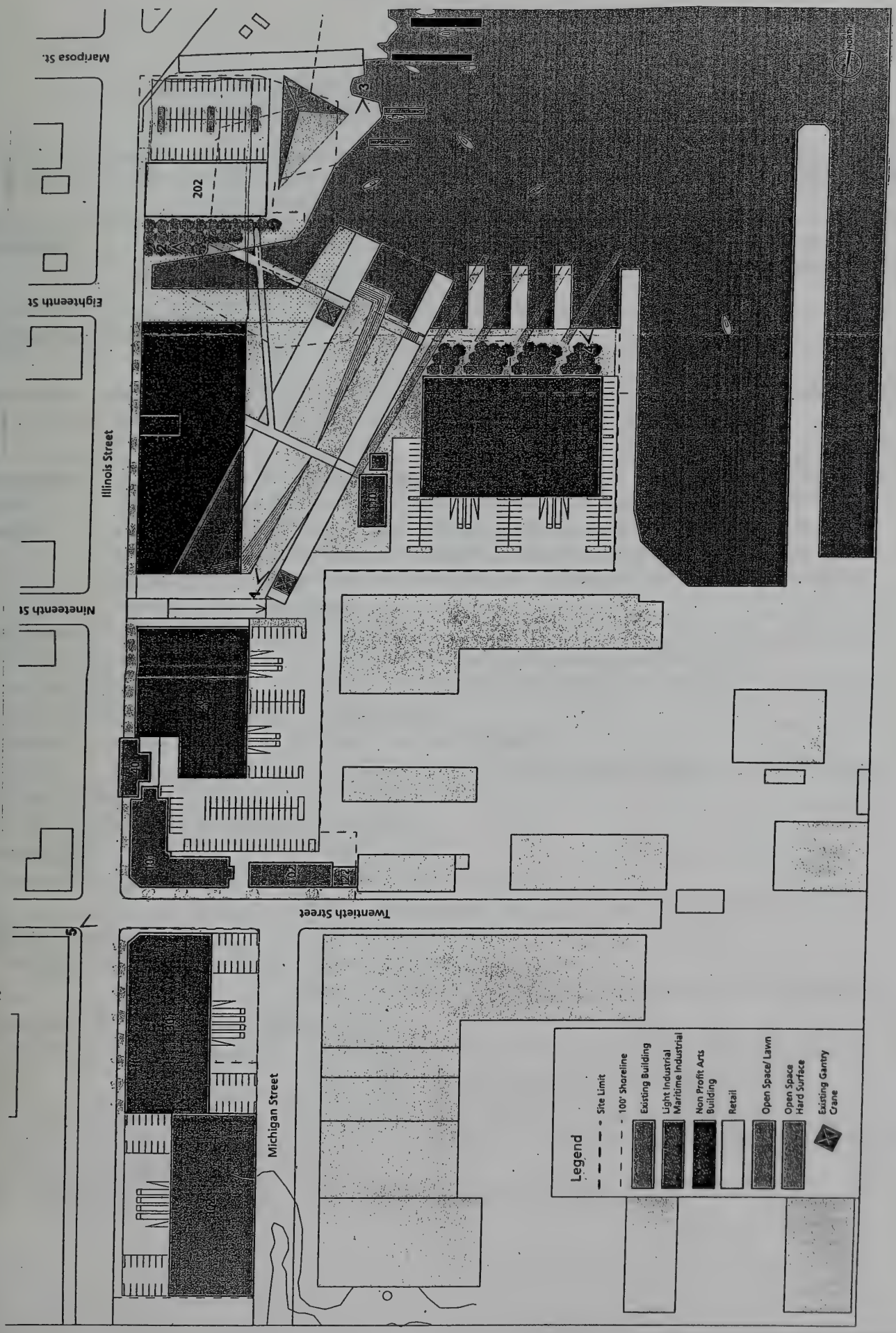


TABLE 1
AMB: SUMMARY BASE PROPOSAL FOR MIXED USE & OPTIONAL PROPOSAL FOR MIXED USE AND ARTS

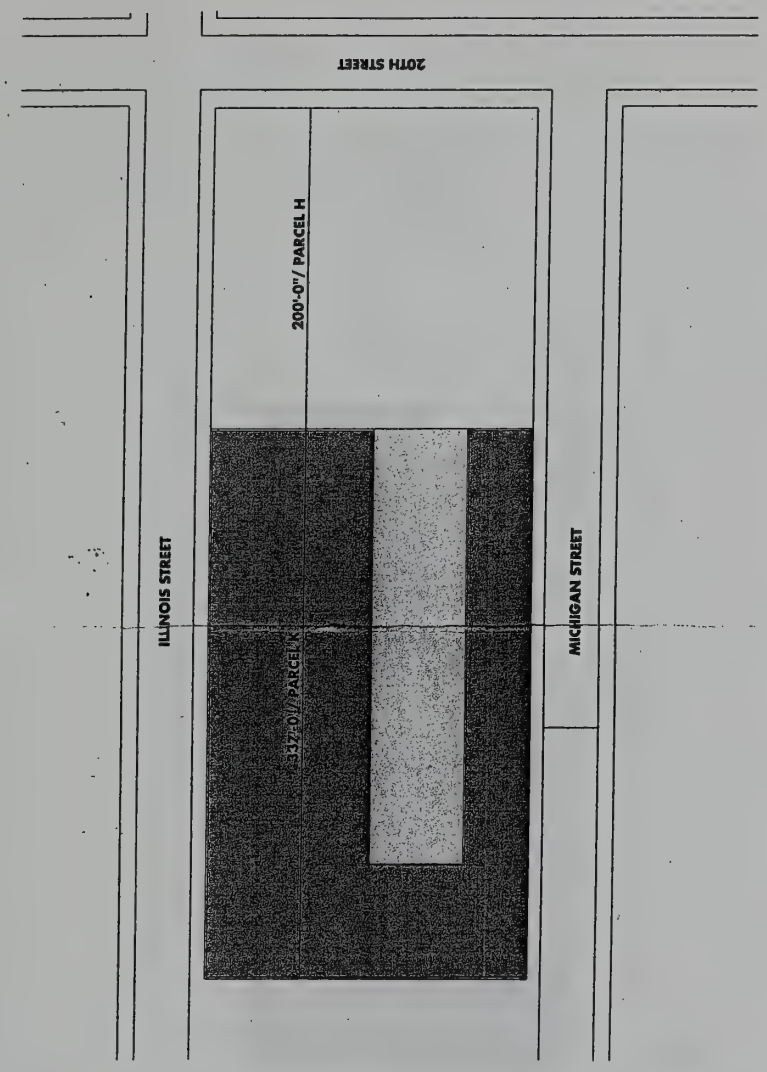
Development Entity:	**AMB Property, L.P., a joint venture between AMB and AIG Global Real Estate Investment Corporation**
Developer:	Joint Venture: AMB Property Corporation and AIG Global Real Estate Investment Corporation, a subsidiary of American International Group (AIG) Developer: AMB Property Corporation
Development Team:	

The proposal is summarized in the following table. Note that the financial projections included in this table are based upon the proposal and other materials submitted by the respondent.

Respondent's Project Concept	....a mixed use development that focuses on the historic renovation of key buildings, the development of a non-profit arts and community space...and additional light assembly and distribution space to help maintain an industrial base in San Francisco, and the opening of the shoreline for public access and recreational watercraft....arts building and its connection with a major new open space will create a new cultural center for the entire region
Development Program:	
• 4 Light Industrial Buildings (includes 10% Office)	Mixed Use Site: 133,700 gross square feet (sf) in Mixed Use and Arts Sites (Optional Proposal): 146,900 gross sf
• Office Building (Building 101)	56,000 gross sf
• Non-Profit Arts & Community Building	Mixed Use Site: 0 gross sf Mixed Use and Arts Sites (Optional Proposal): 143,100 gross sf
• Retail Building	14,000 gross sf
• Boathouse, Restroom & Storage	3,200 gross sf
• Powerhouse	8,400 gross sf
• Parking Spaces	Mixed Use Site: 269 stalls Mixed Use and Arts Sites (Optional Proposal): 283 stalls
• Open Space/Public Access	Approximately 6 acres
• Total Building Square Footage	Mixed Use Site: 215,300 gross sf Mixed Use and Arts Sites (Optional Proposal): 371,600 gross sf
Respondent's Financial Proposal/Lease Terms:	
• Initial Guaranteed Annual Base Rent	None during 1st 5 years of operation. Thereafter, beginning in 2011, 75% of average rent paid to Port during 1st 5 years
• Base Rent Adjustments	10%-20% every 5 years depending upon Bay Area CPI
• Participation Rent	50% of net income after AMB has received 11% return on its cost
• Participation Rent Adjustments	None
• Rent During Construction	One time payment, to be negotiated

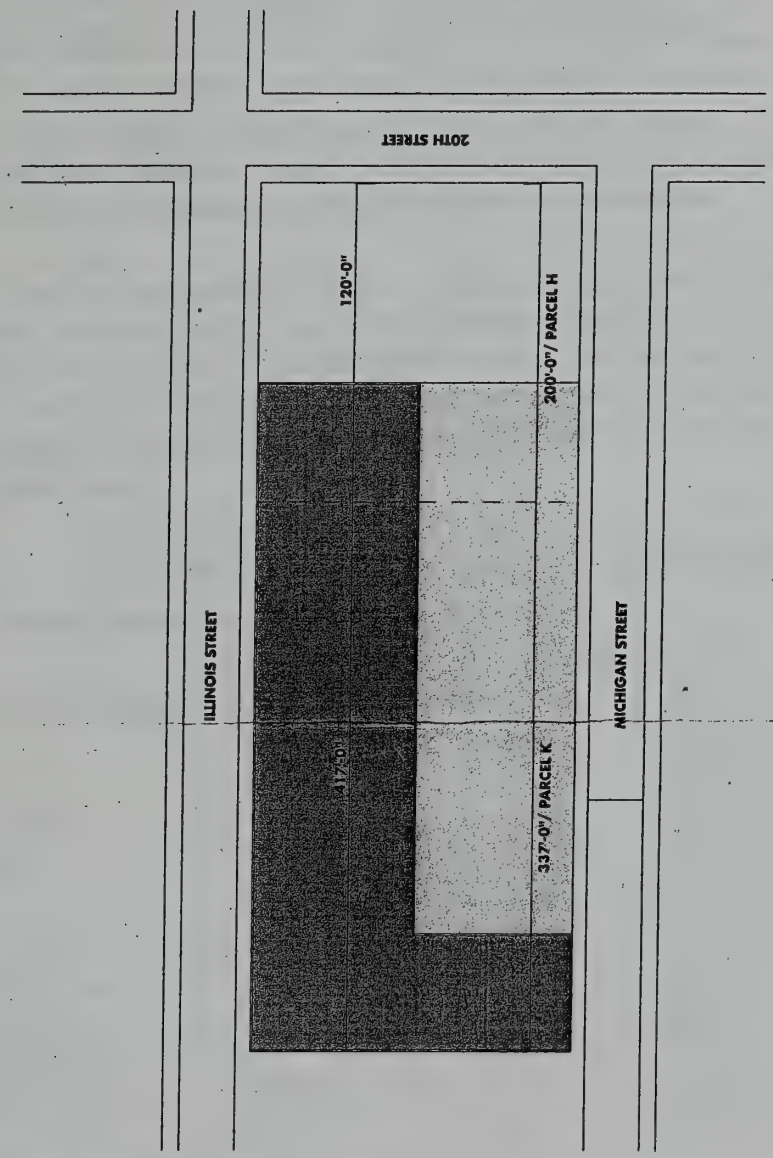
• Lease Term	65 years
• Port's Participation in sale or refinancing proceeds	Port may elect to participate in sale or assignment in exchange for foregoing 50% participation in net income feature
• Historic Preservation Tax Credits	At this time, anticipate seeking for Building 101
• Tenant Relocation	Port to relocate existing tenants; AMB will negotiate in good faith with JFC and Nikko Fish Company for new lease
Respondent's Projected Project Costs:	
• Hard Costs (Including tenant improvement allowance and contingency)	Mixed Use Site: $37,839,000 Mixed Use and Arts Sites (Optional Proposal): $57,913,000 (Arts & Community Building, $23,531,000)
• Soft Costs	Mixed Use Site: $6,949,000 Mixed Use and Arts Sites (Optional Proposal): $8,421,000 (Arts & Community Building, $3,307,000)
• Total Hard and Soft Costs	Mixed Use Site: $44,787,000 Mixed Use and Arts Sites (Optional Proposal): $66,334,000 (Arts & Community Building, $26,838,000)
• Development Period Financial Costs	Mixed Use Site: $5,328,000 Mixed Use and Arts Sites (Optional Proposal): $7,778,000
• Total Development Costs	Mixed Use Site: $50,115,000 Mixed Use and Arts Sites (Optional Proposal): $74,112,000
Funding:	
• Historic Tax Credits	No estimate provided
• Mortgage Debt	None planned/to be determined
• Equity	100% planned/to be determined
Schedule:	
• Start Construction	January 2003
• Complete Construction	June 2004
• First Year Stabilized Operations	June 2005
Respondent's Projected Rent and Estimated Participation Income to Port:	
• Years 2001-2020 total rent to Port (Base Rent plus Participation Rent) in first 20 years	Mixed Use Site: $7,566,000 ($1,801,000 from 2001-2010) Mixed Use and Arts Sites (Optional Proposal): $21,233,000 (none from 2001-2010, all Participation Rent thereafter)
• Net Present Value of 23 years Port Rent (includes Years 2021-2023) @ 11% discount rate	Mixed Use Site: $2,102,000 Mixed Use and Arts Sites (Optional Proposal): $6,076,000
• Participation in Historic Tax Credits	None

EXHIBIT 5
SFAFC BASE PROPOSAL FOR AN ARTS PROJECT IN THE PIER 70 MIXED USE OPPORTUNITY AREA



Scheme C: Site Plan

EXHIBIT 6
SFAFC OPTIONAL PROPOSAL FOR AN ARTS PROJECT IN THE PIER 70 MIXED USE OPPORTUNITY AREA



Scheme D: Site Plan

TABLE 2
SUMMARY: SFAFC ARTS PROJECT RFP RESPONSE

Development Entity:	San Francisco Arts Future Consortium, LLC (pending)
Developer:	Managing Member, San Francisco Arts Future Consortium Fee Developer: Wilson Equity Office & Wilson Meany

The proposal is summarized in the following table. Note that the financial projections included in this table are based upon the proposal and other materials submitted by Respondent.

Respondent's Project Concept	.... conceived as a permanent home for ten arts organizations... at least initially, only Consortium members will be occupants, as there is more than sufficient demand on their part to fill the building....fundamental concept and mission is to develop a Center that will contribute significantly to retaining and enhancing arts uses in San Francisco, and expanding opportunities for community participation in the arts.

Development Program, Arts Site:	
Total Building	213,745 gross square feet (Gsf)
Parking	If Necessary, would seek shared parking with Mixed Use Project

Development Program: Base Proposal and Optional Proposal:		
Building Uses:	**Base Proposal**	**Optional Proposal**
Member Occupancies, Base Proposal and Optional Proposal (does not include Plaza/Terrace or common areas):		
Center for the Book	5,230 sf, 3%	5,230 sf, 3%
Dancer's Group	4,525 sf, 3%	4,525 sf, 2%
Joe Goode Performance Group	6,080 sf, 4%	6,150 sf, 3%
Lorraine Hansberry Theater	13,620 sf, 9%	14,100 sf, 7%
New Langton Arts	5,950 sf, 4%	6,750 sf, 4%
Other Minds	1,330 sf, 1%	2,050 sf, 1%
San Francisco Art Institute	90,500 sf, 56%	116,450 sf, 61%
San Francisco Camerawork	6,050 sf, 3%	6,350 sf, 3%
San Francisco Jazz Organization	10,100 sf, 6%	13,005 sf, 6-7%
San Francisco Shakespeare Festival	17,500 sf, 11%	18,000 sf, 9%
Subtotal	160,885 sf	192,610 sf

Respondent's Financial Proposal and Lease Terms:	
Initial Guaranteed Base Rent	Base Proposal: $13,480/month Optional Proposal: $16,680/month
Base Rent Adjustments	1.5% annual rent increase applied every 4 years
Percentage Rent	50% of any profits if excess proceeds generated by subleases to non-amenity for-profit organizations (no such space allocated under Scheme C; a certain amount of such space may possibly be created under Scheme D)
Percentage Rent Adjustments	Periodic adjustments Negotiable percentage rent on any for-profit retail or restaurant
Rent During	none

Construction	
Lease Term	66 years
Port's Participation in sale or refinancing proceeds	In event of disposition, 50% of proceeds greater than development costs plus current & future capital improvements, inflated at 8% annually to reflect below-market cost rate return on Consortium capital
Other	Port to convey leasehold interest without any tenants in place or having leasehold interests
Hazardous Materials, etc.	Any extraordinary costs associated with conditions customarily landlord's responsibility (e.g. hazardous materials) returned as rent credits (assumptions predicated on customary conditions & delivery of buildable lot)
Subleases	Each Member to have standard sublease with authority & responsibility for use & design of own space, with use expectations based on Center's mission included in sublease. Standard sublease form approved as part of ground lease and not require further Port consent, nor would replacement subleases or sub-subleases to other non-profit arts organization satisfying use provisions. Other subleases greater than 10,000 sf would require Port's review & approval.

Respondent's Projected Project Costs:	
• Hard Costs (including Contingency & Tenant Improvements with architectural allowance)	Base Proposal: $36,259,303 Optional Proposal: $40,199,720
• Soft Costs	Base Proposal: $9,683,797 Optional Proposal: $10,374,808
• Contingency	Base Proposal: $3,727,500 Optional Proposal: $4,100,637
• Total Development Costs	Base Proposal: $49,700,000 Optional Proposal: $54,700,000
Funding:	
• Debt Service	Base Proposal: $12,495,600 Scheme C Optional Proposal: $13,750,165
• Fundraising	Base Proposal: $49,670,600 Optional Proposal: $54,775,165
Schedule:	
• Start Construction	8/1/2003
• Complete Construction	9/30/2004
• Stabilization	9/30/2004
• Occupancy	10/1/2004
Respondent's Projected Rent and Estimated Participation Income to Port:	
• Years 1-20 (2001-2020 total rent to Port (Base Rent; no Percentage Rent projected)	Base : $2,731,993 ($1,028,056 in first ten Optional: $3,390,441 ($1,272,106 in 10 years)
• Estimated Potential Participation in Sale, Transfer or Refinance	None assumed

EXHIBIT 7
AMB: ERN CONDITIONS OF APPROVAL

1. Provide guaranteed base rent throughout the entire term of the lease reflective of the fair market value for the Site and taking into consideration the public benefits provided as part of the Mixed Use Project. The initial guaranteed base rent should not be less than the existing revenue generated by the Pier 70 Opportunity Site as described in the RFP.

2. Negotiate the following lease terms:
   - Construction period rent;
   - Guaranteed base rent (see Condition #4, above);
   - Participation rent calculated on gross revenue rather than net income;
   - Port participation in net sales/refinance proceeds, with no reduction in participation rent.

3. Provide an opportunity for renegotiation of lease terms at such time that any significant site intensification occurs.

4. Recognize the existing truck traffic on 20th Street and mitigate, if appropriate, any significant impacts of the Mixed Use Project, and create access and circulation for the Mixed Use Project that is responsive to surrounding traffic and circulation conditions.

5. Anticipate the potential for intensification of use within the light industrial buildings in the parking demand analysis and planning. The parking analysis should consider the relevant parking, traffic and circulation issues in the area, including MUNI Light Rail on Third Street, MUNI turnaround loop on Illinois Street, traffic generated by existing Pier 70 area tenants, elimination of on-street parking in the area, etc. Prepare a shared parking analysis that projects average and peak parking demand by time of day and day of week and work with the selected Arts Project developer to create a realistic parking scenario for the Pier 70b Opportunity Area, possibly including structured parking. Any surface parking should be attractively landscaped.

6. Retain and rehabilitate important buildings, i.e., Buildings 101, 102, 110 and 122, and architectural elements such as the iron fence, cranes and other maritime artifacts. Introduce appropriate uses in Building 102, if feasible, and explore opportunities to relocate electrical distribution systems to another building.

7. Design light industrial buildings to be compatible with the site and surroundings, especially at the corner of 20th and Illinois Streets across from the historic office building. Provide transparency or views into buildings or active uses on the street level where feasible, especially on the southeast corner of 20th and Illinois Streets. Sidewalks are desirable on the east side of Illinois Street.

8. Design and manage open space areas to accommodate pedestrian flows and small group gatherings, and to be safe and prevent vandalism, graffiti and other misuse.

9. Retain a retail component within the project.

Exhibit 7 (Cont)

10. Support the design for or incorporate the Bay Trail to and along the shoreline, to the maximum extent feasible.

11. Maintain an opportunity for development of a slip for water taxi/ferry service.

12. In planning for the portion of the Pier 70 Opportunity Area south of 20th Street, consider removing parking access from Illinois Street, and reconciling (1) the Design and Access Element guidelines for placing new structures at the sidewalk to form an edge to Illinois and 20th Streets, and (2) the views of historic structures along Michigan Street.

13. In planning for the portion of the Pier 70 Opportunity Area north of 20th Street, maintain connections from Illinois Street to shoreline Open Space along the 18th and 19th Street corridors.

14. Explore the potential for providing space in the development for non-profit, arts, training and/or incubator uses and other such uses that are in need of additional space in the City.

15. Design new buildings to avoid false historicism.

16. If building heights in excess of 40-feet are proposed south of 20th Street, give further consideration to architectural massing and articulation along Michigan Street in light of the adjacent historic buildings.

EXHIBIT 8
SFAFC: ERN CONDITIONS OF APPROVAL

1. Work cooperatively with the Port staff and its consultants in a 3-month site planning process to ensure determination of an optimum development plan for the Opportunity Area including the Arts Project and Mixed Use Project.

2. In planning for the portion of the Opportunity Area south of 20th Street, consider removing parking access from Illinois Street, and reconciling the Design & Access Element guidelines for placing new structures at the sidewalk to form an edge to Illinois and 20th Streets, and the views of historic structures along Michigan Street.

3. In planning for the portion of the Opportunity Area north of 20th Street, maintain connections from Illinois Street to shoreline Open Space along the 18th and 19th Street corridors.

4. Design new buildings to avoid false historicism.

5. Prepare a shared parking analysis that projects average and peak parking demand by time of day and day of week, and work cooperatively with the selected developer for the other project within the Opportunity Area with respect to parking issues. Prepare a parking plan to ensure that adequate parking is provided for the Arts Project.

6. Negotiate lease provisions for maintaining a diversity of non-profit arts groups within the consortium, to the maximum extent feasible.

7. If building heights in excess of 40-feet are proposed south of 20th Street, give further consideration to architectural massing and articulation along Michigan Street in light of the adjacent historic buildings.

EXHIBIT 9

AMB & SFAFC: JOINT MODIFIED PROPOSAL

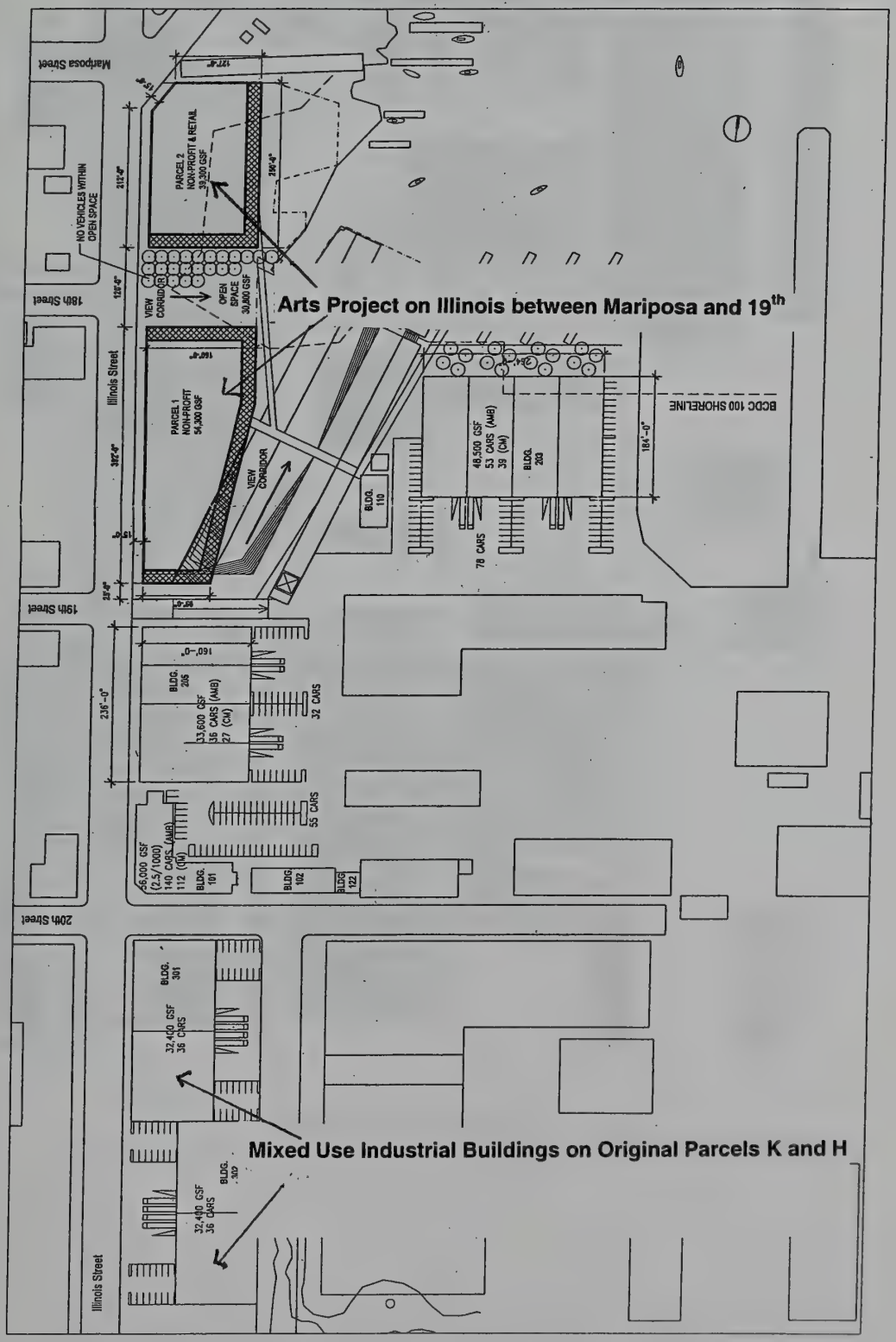


EXHIBIT 10
SFAFC: TWO ALTERNATIVE SITES FOR THE ARTS PROJECT

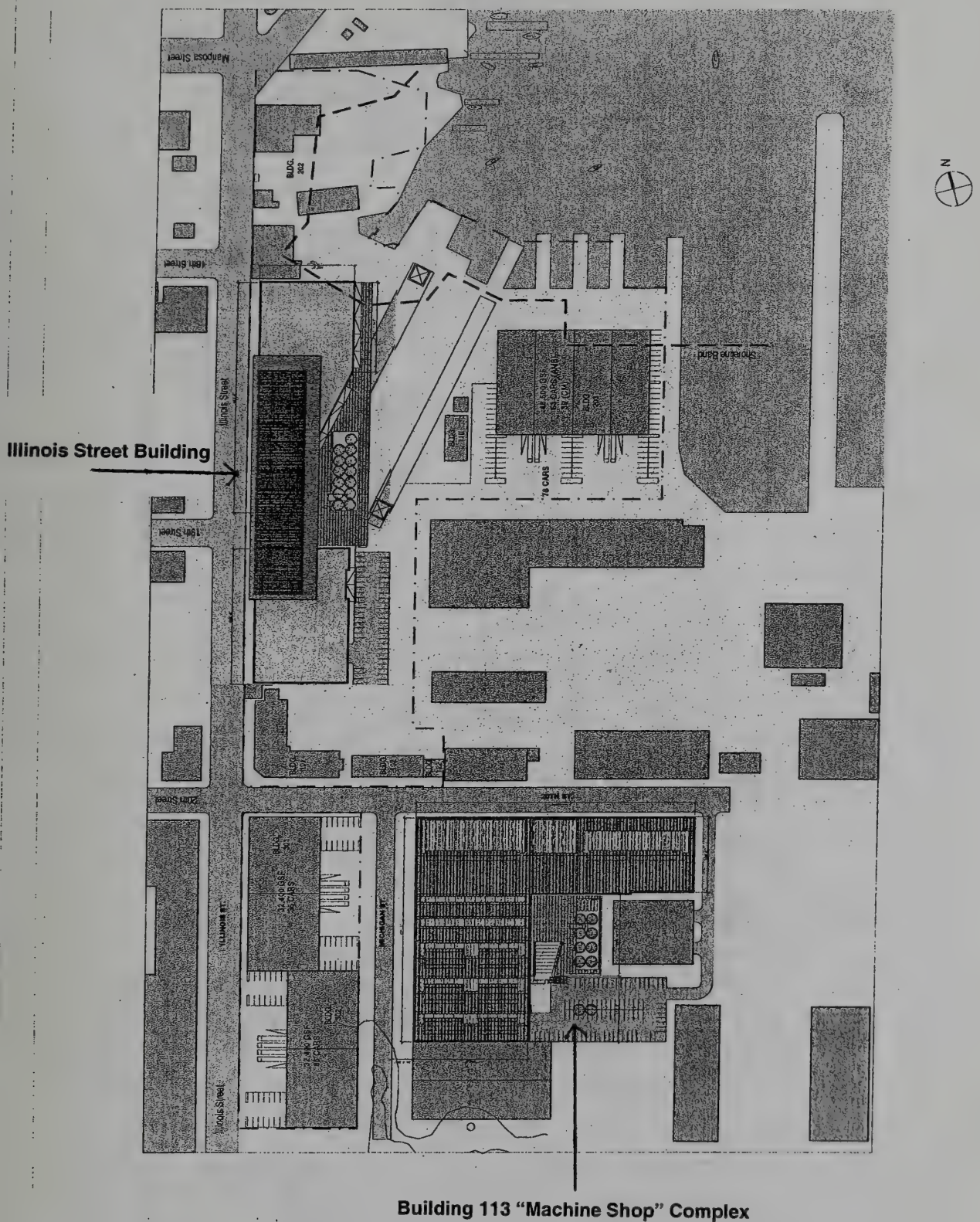


EXHIBIT 11

AMB: EXPANDED SCENARIO #2

All Industrial Buildings built in Single Phase
Open Space Reduced by 1/3
(no open space on Illinois between 19th and Mariposa)

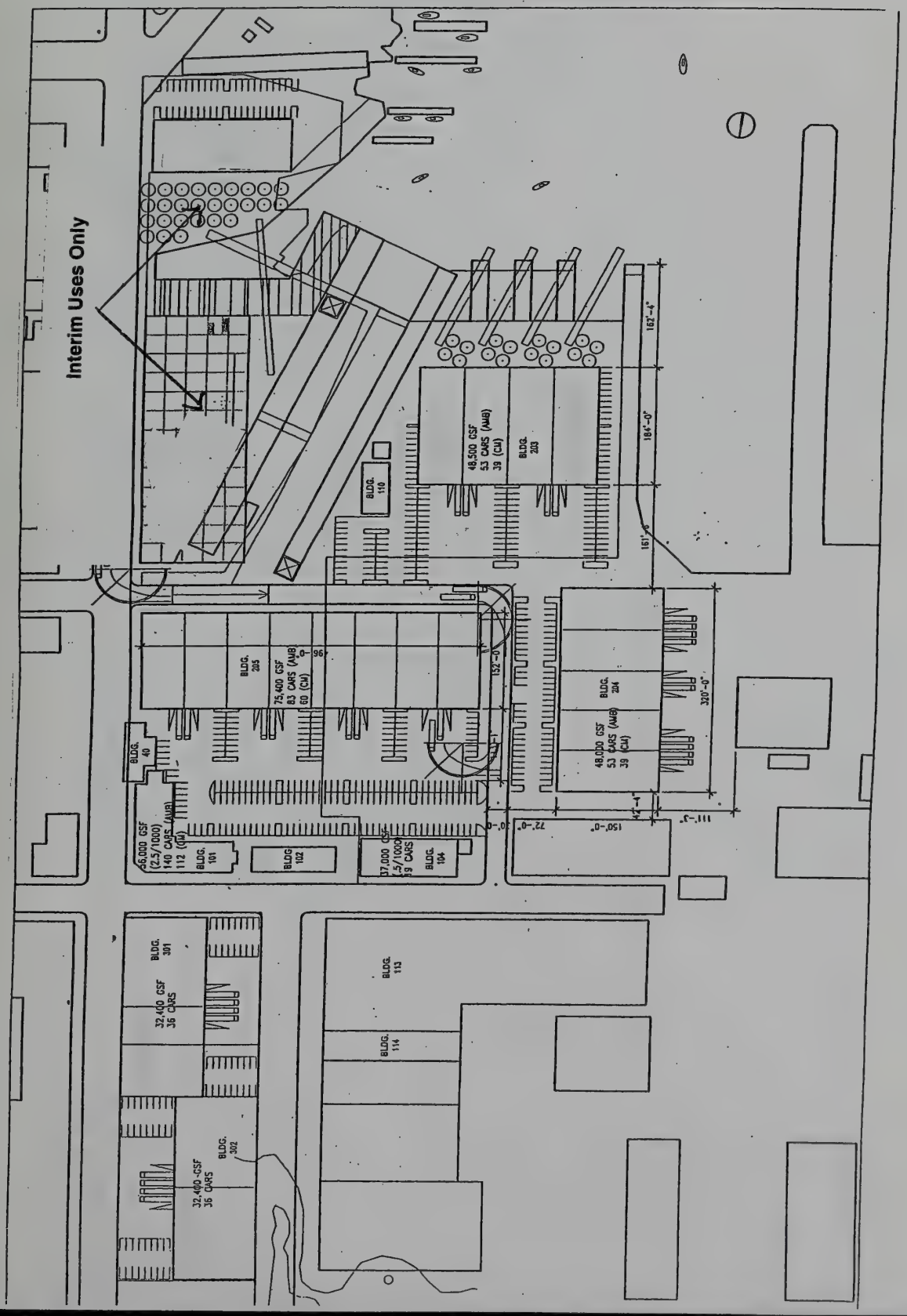


EXHIBIT 12
AMB: EXPANDED SCENARIO #3

Phase 1: Industrial buildings with 50% open space
Phase 2: Mix of light R&D and office & remaining open space

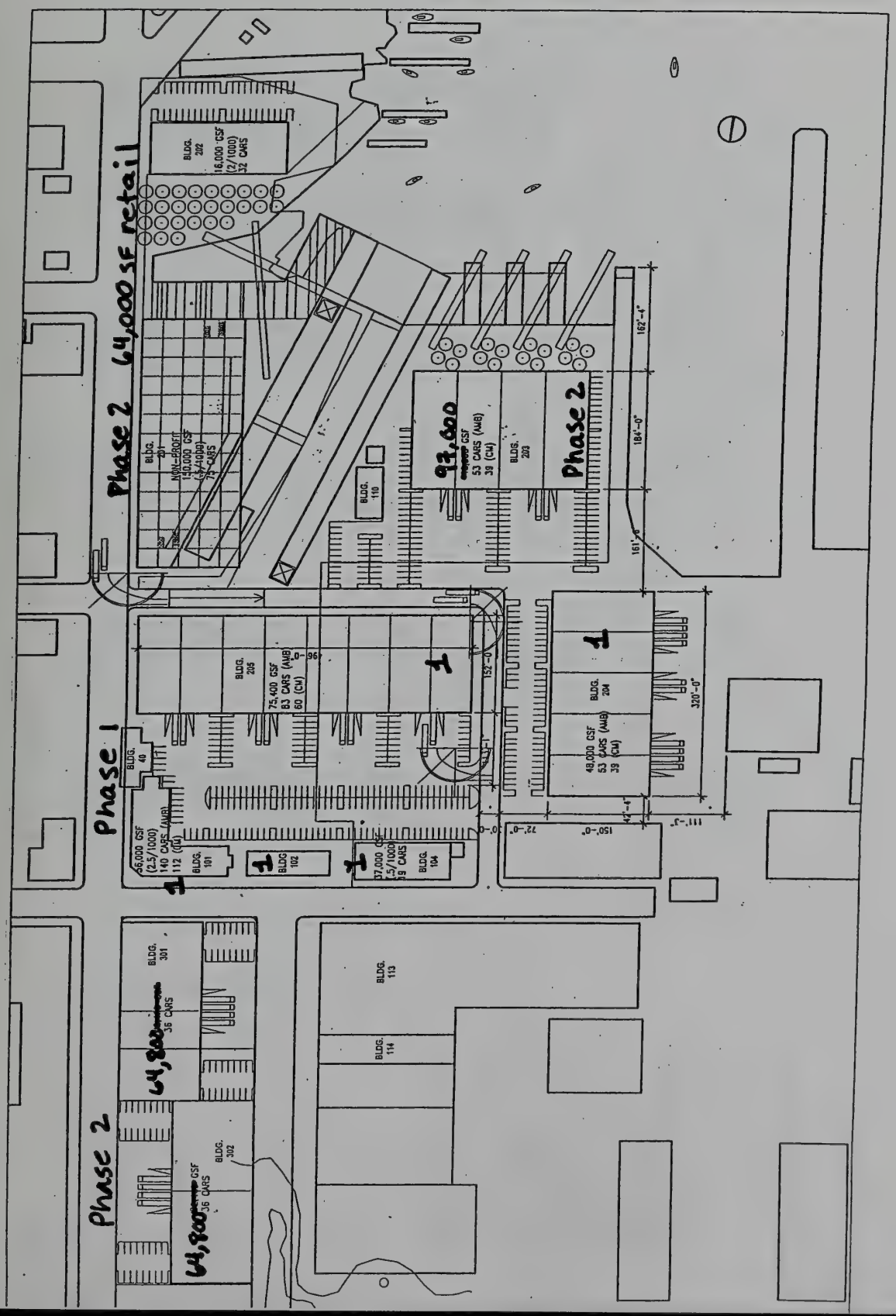
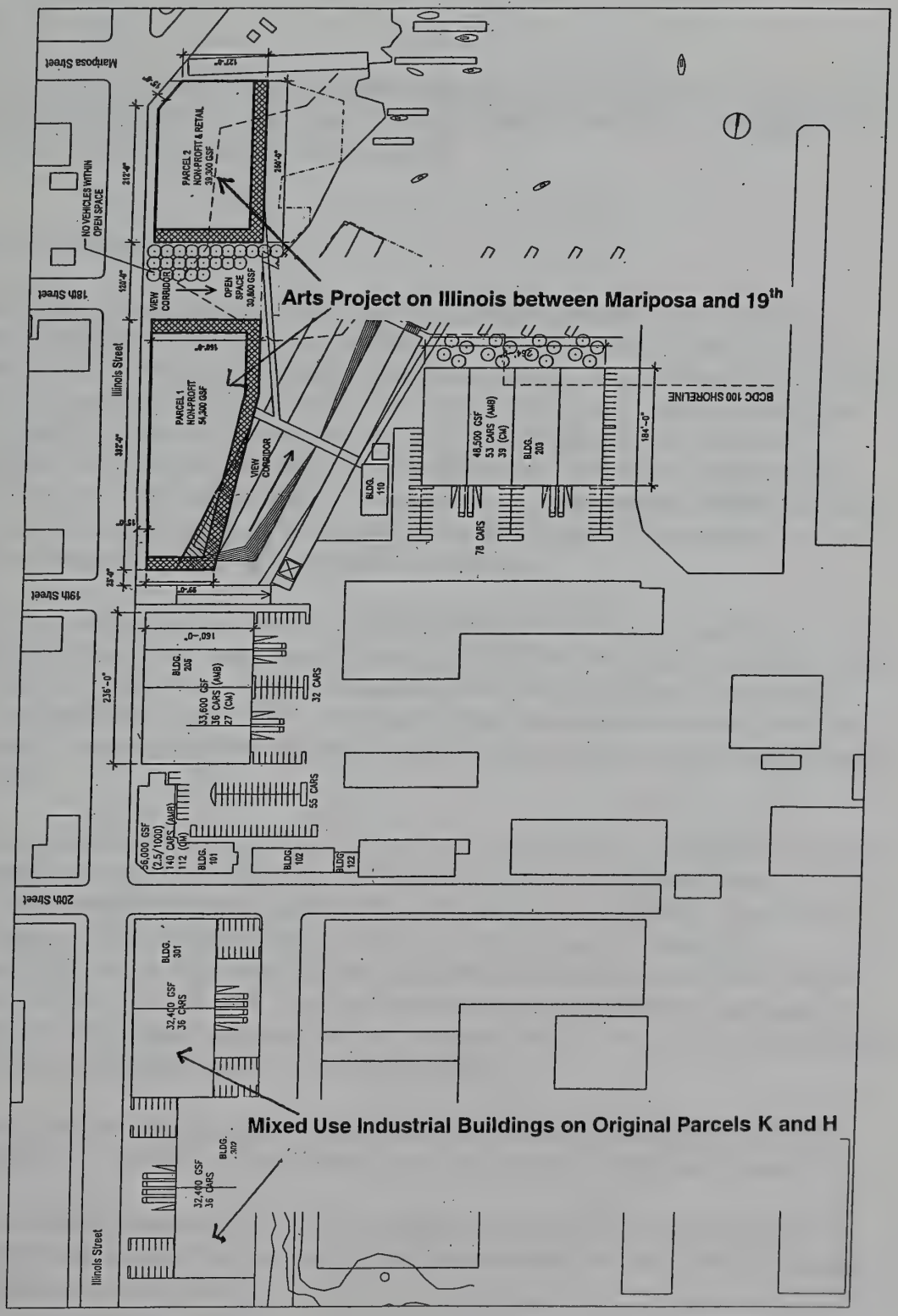


TABLE 3: COMPARISON OF AMB FINAL SCENARIOS

			CURRENT BOUNDARY SCENARIOS		EXPANDED BOUNDARY SCENARIOS			
			Scenario 1	*Scenario 1a*	*Scenario 2*	*Scenario 3.1*	*Scenario 3.2* Light R&D & office in phase 2, 5 yrs after phase 1. Limited rehab; remaining open space	*Total Scenario 3*
Uses			Original RFP layout; no Arts Bldg or retail; modifies open space	Original RFP layout w/out Arts or retail; no open space	All industrial build-out in single phase; no Arts or retail; 66% of open space; limited rehab	Industrial build in phase 1; 50% of open space across all areas		
Office	cost		$14,999,797	$14,999,797	$24,844,698	$24,019,367	$0	$24,019,367
	gsf		56,000	56,000	93,000	93,000	0	93,000
Industrial	cost		$16,940,526	$16,940,526	$26,698,150	$12,928,801	$0	$12,928,801
	gsf		146,900	146,900	236,700	123,900	0	123,900
Light R&D/Biotech	cost		$0	$0	$0	$0	$61,008,275	$61,008,275
	gsf		0	0	0	0	226,600	226,600
Retail	cost		$0	$0	$0	$0	$19,106,053	$19,106,053
	gsf		0	0	0	0	64,000	64,000
Non-revenue bldgs	cost		$1,719,934	$1,719,934	$316,343	$1,019,457	$549,270	$1,568,727
Allocate site, abatements	cost		$0	$0	$0	$2,140,157	($2,316,575)	($176,418)
Public space	cost		$6,299,823	$0	$6,385,079	$4,547,473	$4,922,331	$9,469,804
	acres		6 acres	6 acres	4 acres	3 acres	3 acres	6 acres
TOTAL	cost		$39,960,080	$33,660,257	$58,244,270	$44,655,255	$83,269,354	$127,924,609
	gsf		202,900	202,900	329,700	216,900	290,600	507,500
FOR COMPARISON PURPOSES ONLY								
Developer minimum return		11%	$4,395,609	$3,702,628	$6,406,870	$4,912,078	$9,159,629	$14,071,707
Initial upside			$0	$169,772	$57,622	$0	$2,181,728	$2,181,728
Initial Port rent from development		50%	$0	$84,886	$28,811	$0	$1,090,864	$1,057,116
	of upside							
Approximate NPV of 20 yrs of Port Rent			**$4,750,000**	**$6,339,000**	**$7,519,000**	**see total**	**see total**	**$12,516,000**
at a discount rate of '11%								
NOTES: Facilities work carried out:								
Industrial bldgs			four: 203,205,301,302	four: 203,205,301,302	five: 203,204,205,301,302	two: 203,205		two
Light R&D/biotech bldgs							three: 301,302,203	three
Retail bldgs							one: 202	one
Historic office bldg full rehabilitation			one: 101	one: 101	two: 101, 104	two: 101, 104		
Non-revenue bldgs			one: 40 (demolished)	one: 40 (demolished)	one: 40 (demolished)	one: 40 (demolished)		
Other historic bldg rehab			one: 110	one: 110			one: 110	one
Other historic bldg exterior rehab only			one: 102	one: 102		one: 102		
Open space			66%	0%	66%	50%	remaining 50%	100%

EXHIBIT 9

AMB & SFAFC: JOINT MODIFIED PROPOSAL



PIER 70 CITIZEN'S ADVISORY GROUP

June 6, 2002

Michael Hardeman, President
Port Commission
Port of San Francisco
Pier 1 The Embarcadero
San Francisco, CA 94111

RE: PIER 70 ADVISORY GROUP RECOMMENDATION ON THE OUTCOME OF THE 90-DAY SITE PLANNING PROCESS/ERN'S WITH AMB CORPORATION AND THE SAN FRANCISCO ARTS FUTURE CONSORTIUM.

Dear President Hardeman:

The Pier 70 Advisory Group was formed in April of 2000 to provide the Port with community and stakeholder input on the planning and development of the Pier 70 Mixed-Use Opportunity Area (see Attached roster of Advisory Group members). The Advisory Group has worked with Port staff for approximately two years beginning with the creation of a set of goals and objectives for the Port's Request for Proposal's (RFP's) that helped to define the development opportunity. In addition, the Advisory Group has provided the Port with a wealth of expertise on, real estate economics, land use planning, maritime commerce, environmental quality, historic preservation, urban design, public access and open space, as well as the arts.

The Advisory Group has enthusiastically worked with your staff to promote the development of the Mixed-Use Opportunity Area by AMB and the Arts Consortium upon Commission selection in March of 2001. Moreover, we have continued to provide community and stakeholder input to Port staff during the 90-day site planning process and were preparing to assist with the implementation of these two proposals, especially with project design.

At our May 29, 2002 Advisory Group meeting we learned that it was unlikely that either development proposal would be implemented due to a variety of circumstances, including the recent downturn in the local commercial real estate market. Despite the unfortunate outcome of this process, the Advisory Group has appreciated the opportunity to be involved in the Port's planning for the long-term development of Pier 70. The Advisory Group encourages the Port to continue to take actions necessary to position this property for a development that successfully fulfills the goals and objectives appropriate for waterfront development in San Francisco.

In particular, the Advisory Group recommends that the Port implement the following actions with respect to the Pier 70 Opportunity Area and the Pier 70 area in general:

1. Investigate funding opportunities to accelerate remediation of site contamination, especially in future public access and open space areas where there is a greater risk of exposure to the public.

2. Conduct a more detailed analysis of the approximately 30 historic buildings and industrial maritime objects to determine relative values in the context of a possible Pier 70 National Register of Historic Places Historic District.

3. Maximize revenues from the leasing of Pier 70 facilities to interim uses, and dedicate revenues from interim uses to fund specific activities that will incrementally contribute to the areas successful long-term development (i.e. Pier 70 master planning, consultant analyses/studies, matching funds for grants, grant solicitation, etc..)

4. Prepare and adopt a defined "Action Plan" that identifies specific accomplishments that the Port intends to undertake and complete during the current downward period in the local commercial real estate market. Specific work tasks to be undertaken might include ongoing negotiations, as appropriate, with the State Lands Commission regarding compliance with the Public Trust, and/or discussions with the Bay Conservation and Development Commission (BCDC), regarding public access and open space requirements, design, and phased implementation. The "Action Plan" should also include further master planning for the overall Pier 70 site, given the anticipated Central Waterfront rezoning and planning efforts including: the Planning Department's Better Neighborhood 2002 Study, Mission Bay development, and other pertinent studies.

5. Prepare and adopt a timeline for the implementation of an "Action Plan," in order to position the Port to commence development of the property at the beginning of the next economic upturn in the local commercial real estate market, rather than at the downturn.

6. Take a more comprehensive approach to master planning development of the entire Pier 70 area, rather than focusing on the Mixed-Use Opportunity Area. Planning should include the integration of maritime and non-maritime uses, as well as industrial maritime uses that would be compatible with non-maritime mixed-uses and open space areas. This comprehensive approach is especially important to the economic feasibility of any proposed development due to the high cost of public benefits (particularly shoreline public access and open space improvements) within the Opportunity Area.

7. Improve transportation circulation and master planning for all tenants of Pier 70, taking into consideration ongoing changes such as the Third Street Light Rail, Light Rail turnaround at 19th, new MUNI maintenance facilities, the proposed Illinois Street Bridge, and increased truck, auto, bicycle and pedestrian traffic volume projected for Illinois Street. Open 22nd Street to heavy truck traffic for current tenants such as Moscone Marshalling Yards, City Tow, and other industrial operations to lessen conflicts and bottlenecks.

8. Better maintenance of the site.

We especially want to thank you and your fellow Commissioners for considering our recommendations, and know that you share our interest in capturing and utilizing the results of the past two years of work. Further, we want to thank AMB, the Arts Consortium, and Port staff for their professionalism and hard work. Collectively we have all learned about what actions will be necessary to implement the successful redevelopment of historic Pier 70. Our collective vision of successful development of the area should not be lost. The Advisory Group is committed to continuing its work to provide you and your staff with community input on Pier 70 matters as appropriate.

Sincerely,

Mark Paez for

Toby Levine and John Borg, Co-Chairs
Pier 70 Citizen's Advisory Group

Attachment: Roster of Advisory Group members

cc: AMB Corporation
San Francisco Arts Future Consortium

PIER 70 ADVISORY GROUP MEMBER ROSTER
January 2002

Mr. John Borg
Potrero Central Waterfront Committee
Dogpatch Neighborhood Association
Three 8 Creative Group
888 Illinois Street
San Francisco, CA 94107
Phone: 415.252.6066
Fax: 415.626.1054
Borg@three8.com

Ralph Wilson
Potrero Boosters
570 Texas Street
San Francisco, CA 94107
Phone: 415.824.8749
Ralphwilsom@yahoo.com

Ms. Susan Eslick
Dogpatch Neighborhood Association
1129 Tennessee Street
San Francisco, CA 94107
Phone: 415.822.2301
Fax: 415.822.2311
Eslick@sirius.com

Michael Casey Walker
(Alternate for Paul Nixon)
Bay Access (Human Powered Watercraft)
11 Margaret Avenue
San Francisco, CA 94112
Phone: 415.337.7864
Fax: 415.337.7863
Walker@WalkerlawFirm.com

Ms. Julia Viera
Friends of Islais Creek
Waterfront Plan Advisory Board
6 Hillview Court
San Francisco, CA 94124
Phone: 415.826.5669
Fax: 415.826.1405

Ms. Toby Levine
Waterfront Plan Advisory Board
Former Planning Commissioner
Member Northeast Waterfront Advisory Committe
1366 Guerrero Street
San Francisco, CA 94110
Phone: 415.647.3052
Fax: same
Toby Levine@Earthlink.Com

Ms. Meb Gordon
Dogpatch Neighborhood Association
1016 Tennessee Street
San Francisco, CA 94107
Phone: 415.824.9493
Phone: 415.821.3340
Fax: 415.821.3251
Mebg@earthlink.net

Ms. Mara Brazer
(formerly representing the San Francisco Partnersh
537 Hurlingham Avenue
San Mateo, CA 94402
Phone: 650.685.6555
Fax: 650.685.6575
Mbrazer@yahoo.com

Ms. Corinne Woods
Mission Bay Community Advisory Committee
300 Channel Street, Box 10
San Francisco, CA 94107
Phone: 415.255.7635
Fax: same
1015015.453@compuserve.com

Mr. Toye Moses
South East Community Facilities Commission
1800 Oakdale Avenue, Suite B
San Francisco, CA 94124
Phone: 415.821.1534
Fax: 415.821.1627

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-16

WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction; and

WHEREAS, On March 19, 2001, the Port issued two Requests for Proposals to develop and lease property in the Pier 70 Opportunity Area, one for an Arts Project ("Pier 70 Arts Project RFP") and the other for a Mixed Use Project; and

WHEREAS, One respondent, The San Francisco Arts Future Consortium ("SFAFC"), submitted a response which complied with the submittal requirements stated in the Pier 70 Arts Project RFP; and

WHEREAS, On August 22, 2001, the Port Commission authorized the Executive Director of the Port to enter into an Exclusive Right to Negotiate agreement ("ERN") with SFAFC for the lease, development and operation of the Arts Project as described in the RFP, subject to the Conditions of Approval recommended by Port staff in the Memorandum to the Port Commissioners dated August 22, 2001 for Agenda Item 6B; and

WHEREAS, On December 18, 2001, the Port entered into an ERN with SFAFC; and

WHEREAS, Pursuant to the ERN and its subsequent amendments, the Port and SFAFC, along with the developer of the Mixed Use Project, participated in a Site Planning Process to determine an optimal development plan for the entire Opportunity Area; and

WHEREAS, Per the ERN and its amendments, the Site Planning Process concludes on June 12, 2002, prior to which the SFAFC must submit a Modified Proposal for an Arts Project for the Port Commission's review and comment; and

WHEREAS, The SFAFC has participated in good faith with the Port and the developer of the Mixed Use Project in the Site Planning Process; however, due to the occurrence of unforeseen events affecting the organization of the SFAFC, the SFAFC has failed to submit a Modified Proposal to the Port as required by the ERN, electing, instead, to terminate the ERN; NOW THEREFORE, BE IT

RESOLVED, That the Port Commission commends the SFAFC and its development team, led by Wilson Meany, for their exceptionally fine efforts in analyzing alternative sites for an Arts Project at Pier 70 and working in good faith with Port staff and the Pier 70 Community Advisory Group during the Site Planning Process; and

RESOLVED, That said exceptional efforts of SFAFC and its development team have significantly increased the Port's and community's knowledge about the value and preservation potential of certain historic facilities at Pier 70; and

RESOLVED, That the Port Commission acknowledges SFAFC's election to terminate the ERN, which is due to the occurrence of unforeseen events affecting the organization of the SFAFC; and

RESOLVED, That the Port Commission directs staff to continue working with the Pier 70 Community Advisory Group and other interested members of the community regarding the future development of Pier 70; and be it further

RESOLVED, That the Port Commission reserves the right, at its sole discretion, to undertake other efforts, including but not limited to issuing a new request for proposals, regarding the future development of Pier 70.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of June 11, 2002.

_____
Secretary

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-17

WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction; and

WHEREAS, On March 19, 2001, the Port issued two Requests for Proposals to develop and lease property in the Pier 70 Opportunity Area, one for a Mixed Use Project ("Pier 70 Mixed Use Project RFP") and the other for an Arts Project; and

WHEREAS, One respondent, AMB Property, L.P. ("AMB"), submitted a response which complied with the submittal requirements stated in the Pier 70 Mixed Use Project RFP; and

WHEREAS, On August 22, 2001, the Port Commission authorized the Executive Director of the Port to enter into an Exclusive Right to Negotiate agreement ("ERN") with AMB for the lease, development and operation of the Mixed Use Project as described in the RFP, subject to the Conditions of Approval recommended by Port staff in the Memorandum to the Port Commissioners dated August 22, 2001 for Agenda Item 6A; and

WHEREAS, On December 18, 2001, the Port entered into an ERN with AMB; and

WHEREAS, Pursuant to the ERN and its subsequent amendments, the Port and AMB, along with the developer of the Arts Project, participated in a Site Planning Process to determine an optimal development plan for the entire Opportunity Area; and

WHEREAS, Per the ERN and its amendments, the Site Planning Process concludes on June 12, 2002, prior to which AMB must submit a Modified Proposal for a Mixed Use Project for the Port Commission's review and comment; and

WHEREAS, AMB has participated in good faith with the Port and the developer of the Arts Project in the Site Planning Process; however, AMB has determined that there is no feasible project within the existing boundaries of the Mixed Use Opportunity Area, as a consequence of which AMB has failed to submit a Modified Proposal to the Port as required by the ERN; and

WHEREAS, AMB believes that a Mixed Use Project may be feasible on an expanded Mixed Use Opportunity Area and, therefore, has suggested the Site Planning Process be extended pending the conclusion of lease

negotiations between the Port and the San Francisco Drydock to ascertain whether additional land area may become available for inclusion in the Mixed Use Opportunity Area; and

WHEREAS, Alternatively, if the Site Planning Process is not so extended, AMB has elected to terminate the ERN and requests that the Port Commission refund its Earnest Money Deposit and fees paid to partially fund the Site Planning Process; NOW THEREFORE, BE IT

RESOLVED, That the Port Commission commends AMB for its exceptionally fine efforts in analyzing alternative proposals for a Mixed Use Project at Pier 70 and working in good faith with Port staff and the Pier 70 Community Advisory Group during the Site Planning Process; and

RESOLVED, That said exceptional efforts of AMB have significantly increased the Port's and community's knowledge about the value and development potential of Pier 70; and

RESOLVED, That, based on its own and staff's analysis of said knowledge, the Port Commission finds that there is insufficient basis for extending the ERN Site Planning Process; and

RESOLVED, That, as a result of the foregoing resolution, the Port Commission acknowledges that AMB has elected to terminate the ERN; and

RESOLVED, That the Commission directs staff to continue working with the Pier 70 Advisory Group and other interested members of the community regarding the future development of Pier 70; and be it further

RESOLVED, That the Port Commission reserves the right, at its sole discretion, to undertake other efforts, including but not limited to issuing a new request for proposals, regarding the future development of Pier 70.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of June 11, 2002.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

June 5, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Denise McCarthy
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong DW
Executive Director

SUBJECT: Authorization to advertise a Request for Proposals for Rail Consulting Services.

DIRECTOR'S RECOMMENDATION: AUTHORIZE STAFF TO ADVERTISE A REQUEST FOR PROPOSALS FOR RAIL CONSULTING SERVICES.

In discussions regarding the Illinois Street bridge project, Port staff has recognized the possibility of changes in freight rail service to the Port of San Francisco. Currently, Union Pacific Railroad provides freight rail service to the Port of San Francisco. This service starts in the south bay and travels up the peninsula with San Francisco as the last stop. This rail service corridor is one that is shared with the commuter rail which is ever increasing in popularity and frequency. The Port has a strong interest in maintaining and improving this service despite potential cuts in the rail industry. Any disruption could be catastrophic to the Port's maritime business. The Port needs to find creative ways of ensuring continued and improved rail service to its facilities, but this process requires complex inter-agency negotiations and industry specialists with expertise and a detailed understanding of rail operations and industry regulations.

To preserve and strengthen the Port's rail-sensitive operations, Port staff requires the technical services of a highly qualified rail consultant. Port staff, therefore, seeks authorization from the Commission to issue a Request for Proposals (RFP) to identify qualified consultants for the purpose of securing a contract for such services. The consultant's services will be funded by $75,000 from Maritime Operating funds for Fiscal Year 2001-2002.

The consultant's services will include: technical input and design review for freight rail issues; assistance and advice to the Port in negotiations with Union Pacific Rail Road and the Joint Powers Board (Caltrain) on continued, improved, and more efficient rail service to Port facilities; cost analyses for alternative means of rail service to Port facilities; and supplemental legal counsel on rail issues.

Prepared by: Tom Trimbur, Project Manager
for Nita Mizushima, Chief Harbor Engineer

This Print Covers Calendar Item No. 7A

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-18

WHEREAS, the Port has a strong interest in maintaining and improving rail service in times of adjustments in the rail industry; and

WHEREAS, any disruption could be catastrophic to the Port's maritime business; and

WHEREAS, the Port needs to find creative ways of ensuring continued and improved rail service to its facilities; and

WHEREAS, the Port seeks to supplement its expertise in the area of rail industry operations and service; and

WHEREAS, expertise in this area is highly specialized and most appropriately provided by outside rail consultants; and now therefore be it

RESOLVED, that the San Francisco Port Commission hereby authorizes staff to advertise a Request for Proposals for Rail Consulting Services in an amount not to exceed $75,000.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of June 11, 2002.

_____
Secretary

SAN FRANCISCO
PORT COMMISSION

JUNE 11, 2002
MINUTES OF THE REGULAR MEETING

DOCUMENTS DEPT.
JUN 20 2002
SAN FRANCISCO
PUBLIC LIBRARY

MEMBERS, PORT COMMISSION

HON. MICHAEL HARDEMAN, PRESIDENT
HON. KIMBERLY BRANDON, VICE PRESIDENT
HON. DENISE McCARTHY
HON. BRIAN McWILLIAMS
HON. PIUS LEE

DOUGLAS F. WONG, EXECUTIVE DIRECTOR

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE MEETING
JUNE 11, 2002

1. ROLL CALL

Commission President Michael Hardeman called the meeting to order at 4:04 p.m. The following Commissioners were present: Michael Hardeman, Kimberly Brandon, Denise McCarthy, Brian McWilliams and Pius Lee.

2. APPROVAL OF MINUTES - May 28, 2002 Regular Meeting

ACTION: Commissioner Lee moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor. The minutes of the May 28, 2002 regular meeting were adopted.

3. EXECUTIVE

A. Executive Director's Report: Mr. Wong reported the following:

- The new Downtown Ferry Terminal is in full operation with two new terminals. The new north and south terminals flank the Ferry Building, separating the ferry traffic traveling to the north bay from that headed to the east bay. This results in a safer, more efficient operation and sets the groundwork for future growth of ferry services as needed. Once the Ferry Building renovation is complete, the pedestrians will be able to move freely along the waterside promenade between the two terminals as well as the Golden Gate Terminal. The ferry terminals are the hub of the entire Bay Area system and are appropriately designed as world class, architecturally significant facilities. The facility has more than doubled the capacity, and is a fully accessible, weather protected facility for the public to enjoy. A celebration of the ferry terminal opening along with the Ferry Building Renovation grand opening will take place in the fall. Mr. Wong thanked the staff and the contractor, Miller Thompson Constructors (a woman owned company) for a job well done.

- Curt Watts is leaving the Port of San Francisco to be the Redevelopment Administrator for the City of Palm Springs. He thanked Mr. Watts for his excellent work during his tenure at the Port and wished him well in his position.

4. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Brandon moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

At 4:07 p.m., the Commission withdrew to executive session to discuss the following:

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative. *

a. Property: Pier 70 Opportunity Area
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*San Francisco Arts Future Consortium (SFAFC): Christopher Meany
*AMB, LLC, Inc.: Luis Belmonte

5. RECONVENE IN OPEN SESSION

At 4:32 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Brandon moved approval not to disclose any information discussed in executive session. Commissioner Lee seconded the motion. All of the Commissioners were in favor.

6. PLANNING & DEVELOPMENT

A. Arts Project at Pier 70: Request adoption of Resolution No. 02-16 which includes commendation of the San Francisco Arts Future Consortium (SFAFC) for its exceptional efforts; acknowledgement of SFAFC's election to terminate the Exclusive Right to Negotiate (ERN); and direction of staff to continue working on the future development of Pier 70. (Resolution No. 02-16)

B. Mixed Use Project at Pier 70: Request adoption of Resolution No. 02-17 which includes commendation of AMB Property L.P. (AMB) for its exceptional efforts; concurrence with staff's conclusion that there is insufficient basis to extend ERN Site Planning Process; acknowledgement that AMB elects to terminate the ERN if Site Planning Process is not extended; and consideration of AMB's request for a refund of the Earnest Money Deposit and fees paid to fund the Site Planning Process. (Resolution No. 02-17)

Ms. Lynda Swanson, Project Coordinator, provided the Commission a background of the project and requested Commission's approval.

Steve Vettel, Morrison & Foerster and SPUR's representative on the CAC, indicated that the advisory group was disappointed at the outcome of this project especially since the group worked so hard and felt that a lot of good ideas came out of the process. The advisory group encouraged the Port to continue to take actions which are necessary to position this property for development that successfully fulfills the goals and objectives of waterfront development in San Francisco in the future. The advisory group's recommendations stated in their June 6th letter to the Commission were as follows:

- Investigate funding opportunities to accelerate remediation of site contamination, especially in future public access and open space areas rather than waiting for a private development opportunity.
- Conduct a more detailed analysis of the approximately 30 historic buildings and industrial maritime objects to determine relative values in the context of a possible Pier 70 National Register Historic District.
- Maximize revenues from the leasing of Pier 70 facilities to interim uses and dedicate leasing revenues to fund specific activities that will incrementally contribute to the area's successful long-term development such as remediation, open space investigation, rehabilitation, etc.
- Prepare and adopt a defined "Action Plan" that identifies specific accomplishments that the Port intends to undertake and complete during the current downward period in the local commercial real estate market. Specific work tasks to be undertaken might include ongoing negotiations with the State Lands Commission regarding public trust and discussions with BCDC. There should be a more defined legal basis and a more defined set of use possibilities in place before this project goes back out on the street.
- Prepare and adopt a timeline for the implementation of an "Action Plan" in order to position the Port to commence development of the property at the beginning of the next economic upturn in the local commercial real estate market, rather than at the downturn.
- Take a more comprehensive approach to master planning development of the entire Pier 70 area, rather than focusing on the Mixed-Use Opportunity Area.
- Improve transportation circulation particularly opening up 22nd Street to avoid the current bottlenecks.
- Better maintenance of the site.

The Advisory thanked staff and the Commission for giving them the opportunity to advise the Port. The Advisory Group was disappointed with the outcome of this process and would have liked to see a development proposal go forward. From a personal perspective, Mr. Vettel indicate that it is important in future CAC's that there be a more realistic input at the beginning of the process with regards to the economics. It was not until the end of the process, after a couple of years, that the CAC was told that a good financial return to the Port was a very crucial and central objective of the project. Instead, the CAC was going in a direction of coming up with community benefits and goals without regard to the financial objectives. He noted that there were only a few representatives from the development community on the CAC and further noted that staff should have participated more during the process.

Corinne Woods, waterfront tenant and neighbor of Pier 70 and member of the Advisory Group, indicated that they worked hard for two years and were disappointed at the outcome of the project. It was a letdown that nothing happened. On the other hand, the exercise itself was important and useful. When they started the process, they were already behind the economic curve, the joy of being able to make a lot of money on mixed use to help fund maritime and other obligations of the Port. In part, they were obviously behind the curve when they only received one response for the mixed-use proposal. The way the RFP situation came out was less a function of planning than it was in part of the Mayor's and the Port's desire to help overcome the problems the nonprofit arts community were having because of the dot.com boom and because of the live/work situation. They strongly felt that

it's important to make a commitment to an ongoing process for planning of the larger Pier 70 area, not just the mixed-use opportunity area. It is important to coordinate now with State Lands and BCDC to work out the intricacies of what kind of future uses are acceptable. It is also important to look at the compatibility. The Port needs to look beyond the little box to keep SF Drydock and to have as much maritime including recreational maritime as possible. They learned at the very end of this process that there are six national parks that are putting together a consortium to expand their storage and exhibit space including GGNRA, San Francisco Maritime Museum, Eugene O'Neill Park, John Muir Park, etc. None of them have enough space for storage nor have enough exhibit space. They would love to see the Maritime Museum. They would love to explore the possibility of Pier 70 having an expansion similar to what they're doing in Richmond showcasing the World War II industrial production. By just focusing at the art and mixed use of Pier 70, the opportunity to learn the potential for that area and how it could come together would be lost. Because of the extremely high cost of the environmental remediation and building publicly accessible open space, the Port must make a commitment to let staff explore funding opportunities for remediation and open space development separate from the commercial development so as not to strip the ability of the developer to make any money or give the Port the money it needs. Personally, she felt that given the lack of benefit of the ongoing scenarios of AMB, it would be appropriate to terminate the exclusive right to negotiate. However, she does not know if it would be appropriate to give AMB back their money. Staff put a lot of time and effort into this project. There were so many complications to this process that the Port should be able to keep the money for ongoing planning. She also pointed out although there is a lot of ongoing activities surrounding Pier 70 such as the Muni Metro turnaround, the Better Neighborhoods 2002, Southeast Waterfront Planning process, Mission Bay and the only public boat launch in San Francisco, there is no forum in place to discuss coordination and cooperation. If an advisory group will be established, she suggested that it be comprised in such a way that it integrates the other issues that are going on around Pier 70, not just the Opportunity Area. For example, with the northern waterfront and the southeast waterfront advisory community, there is a big gap in between where nobody's looking at the connection; how the bay trail is going to work and how it will connect with everything else. The advisory group is very knowledgeable and willing to look at the connections and would be willing to continue the work.

Paul Nixon, member of the Pier 70 Advisory Group and member of the Bay Access and Bay Area Kayakers indicated that they have been advocating for more human powered small boats in the area. They have been working with the National Park Service to plan for water trails throughout the bay. Pier 70 is unique for two reasons: (1) the historical buildings; (2) a natural beach that was used for boat building; the only one in the southern waterfront. That beach is important for small boaters especially kayakers and handicapped people. The cove at Pier 66, Pier 70, the ramp and the boat works are important to the small boating community for many years. There has been numerous discussions regarding the cost of open space. The Port's legal counsel indicated that boat launching was the only unquestionable public trust use as it is important to the State, BCDC and the citizens of the bay. The citizen's committee, however, did not look carefully enough at open space and its cost. No one took the time to analyze exactly the cost of clean-up and development for the open space. The small boaters are not interested in a lot of development. Neighbors expressed their desire to keep Pier 70 as is. What is needed at Pier 70 is open space for

people who live in the neighborhood, for the small boaters and the working-class people. He encouraged the Port not to forget the discussion regarding Pier 66, cutting it off from the rest of the project to reduce the cost of open space. Pier 66 is a small but important parcel of land. The natural beach at Pier 66 would be useful for the small boaters. He concurred with the Port's and BCDC's recommendation that the Potrero Power Plant mitigation monies be used to develop Pier 66. He also concurred with the recommendation to terminate the ERN but continue with the Pier 66 development.

Lynda Swanson indicated that staff along with the developers found no feasible project within the 14 acres opportunity area. They recommend that the Commission find no basis for extending the site planning process. They recommend that the Commission acknowledge that AMB had elected to terminate the ERN if there's no extension of the site planning process. They recommend that the Commission consider staff continue to work on Pier 70 with the Advisory Group and others regarding its future and finally to conclude that staff has not recommended a return of the earnest money deposit or planning fee.

Curtis Smith, coordinator for the Arts Consortium, thanked the Commission, the Executive Director and Port staff who have worked tirelessly and very closely with the arts consortium for the past year and a half to gain a deep and complete understanding of the needs of the arts group in the City and the needs of the consortium in terms of site planning and moving forward at Pier 70. Unfortunately, they were unable to move forward with this RFP. The consortium looks at this as a new page and a new opportunity. The need for a home for the arts group is even more important than ever. Although things are changing in the marketplace, the particular needs and requirements of the consortium are very suited to opportunities that still exist at Pier 70. They will continue to work with the Port to find a home for the consortium. They are presently refocusing themselves and looking at options and looking at other players and organizations that may come along in their goal to find a permanent home. He thanked everyone for their efforts over the past year and half and having a great deal of time to understand them.

Joe Boss, Dogpatch Neighborhood and former member of the Citizens Advisory Group (CAG), indicated that think this project should not be terminated based on a 14-acre deal that did not work. The RFP became convoluted early on. During the process, the CAG and Port staff considered at looking at a bigger area. Carl Hanson's operation at Pier 70 has a lot space. Consolidation of that space would free up more areas to be developed. It is a perfect place for industrial development. The Planning Department is struggling with the PDR (production, distribution and repair) because it's being pushed out by other uses. Pier 70 would be the ideal space for that operation. He asked the Commission to consider holding this item in abeyance until negotiations with Carl Hanson is completed. The financial expectation of the Port was not realistic. AMB's proposal should be reexamined further. He asked the Commission to put this aside and redo the RFP process.

Janice Thacher, AMB, thanked staff and the Commission for all their time and hard work spent on this project, especially to Kari Kilstrom and Lynda Swanson. Pier 70 is a great industrial site and AMB continues to have a lot of interest in the site. They have concluded and concurred with staff that the opportunity area is not financially feasible for AMB, as a developer, given the public benefit requirements. They have taken a slip and the design for the public benefits are not fancy. Through this process, they have worked with very closely

with their architects and Port staff to figure out what could be done for both. The public space needs to be safe and accessible. There are certain requirements in terms of environmental work, lighting, grading, clean up that cost a lot of money. There are the public amenities, the amount of developable land relative to the total site of the opportunity area and the current market conditions. She has and continues to question the idea of not meeting the financial goals and still does not know the financial goals. There were conditions in the ERN that they tried to achieve that has to do with base rent and not less than the interim income. As they move forward to define the financial goals, they will be able to get a sense of the uses that will work on that site. Staff has concluded that the industrial use and what that generates in terms of residual land value does not produce enough revenues. With the financial returns to AMB and the Port, one has to take into consideration that those returns are a function of the public benefit which brought the environmental remediation, the build out of the public parks, public open space and renovation of the historic buildings which are not financially feasible development projects to a project developer. They went through an exercise of taking out the public spaces but they want to show the impact it had on the financial returns. The financial returns are a function of the public benefit package. When it's compared to interim uses, the interim uses do not include any public benefit. AMB suggested that they would be interested in the extension of the site planning process in order to conclude the drydock negotiations to see whether there would be more land available. They generated a couple of scenarios showing the financial returns and the site plans if more land was available. The numbers clearly improved a lot more if more intensive use is available in the near future. They were, however, meant as an example since the available land was unknown. AMB is interested in pursuing that scenario with the Port. If, however, the Port concluded that's not of interest, they will exercise their right to terminate the ERN. What's important to them in this process is they have a great relationship with the Port. They built this building and we are neighbors and partners. They feel that they have worked together with the Port and staff in a real spirited partnership in this development. Everybody has worked together to make it work. Regardless of the conclusion, there's no hard feelings on their part and appreciates everybody's efforts. They have requested a return of their deposit and expenses that they have fronted for Port staff. She made it clear that they fronted the expenses which is a requirement of the RFP. In addition, they have spent hundreds of thousands of dollars throughout the process and have learned through the monies that have been spent.

Commissioner Hardeman concurred with Ms. Thacher's comments that the Port has a great relationship with AMB and are grateful for that. Luis Belmonte had the courage to come forward and took the first step in building the foundation in the opportunity area. He thanked Kari Kilstrom, Lynda Swanson, the Pier 70 Advisory Group, SPUR, the developers, the neighborhood groups and other individuals for all their efforts on this project. There was no wasted step but this is the first step on what's going to happen in the future. He hoped that people do not feel that time, effort or money has been wasted. He thanked AMB for all their efforts in this process.

ACTION: Commissioner McCarthy moved approval; Commissioner McWilliams seconded the motion. All of the Commissioners were in favor; Resolution Nos. 02-16 and 02-17 were adopted.

7. ENGINEERING & MAINTENANCE

A. Request authorization to advertise for Request for Proposals (RFP) for Rail Consulting Services. (Resolution No. 02-18)

Mr. Tom Trimbur, Project Manager, presented the item and requested Commission's approval.

ACTION: Commissioner Brandon moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 02-18 was adopted.

8. NEW BUSINESS/PUBLIC COMMENT

Ernestine Weiss apprised the Commission of the condominium project being proposed at the Golden Gateway area. She requested that the Port does not give them an open forum to discuss their proposal. They will fight their proposal and they will win. The open space is important to them and they do not want the views of the waterfront blocked.

9. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Brandon moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

At 5:40 p.m., the Commission withdrew to executive session to discuss the following:

B. CLOSED SESSION

(1) Discussion of Executive Director's Compensation for Fiscal Year 2002/2003.

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER: **This item was taken off the calendar.**

a. Discussion and action of anticipated litigation matter "as defendant" pursuant to Section (b) of California Government Code Section 54956.9.

- Bistro Z, LLC: Discuss proposed settlement of potential litigation and action.

(3) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative. *

a. Property: Bryant Street Pier
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*San Francisco Cruise Terminal LLC: Glen Elkington

b. Property: Pier 1
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*AMB LLC: Luis Belmonte

c. Property : Pier 96
Person Negotiating: Port: Mark Lozovoy, Acting Real Estate Director
*West Coast Recycling/Norcal: Don Gamblin

10. RECONVENE IN OPEN SESSION

At 8:37 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner McCarthy moved approval to adjourn executive session and reconvene in open session; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon moved approval not to disclose any information discussed in executive session. Commissioner Lee seconded the motion. All of the Commissioners were in favor.

11. ADJOURNMENT

The meeting was adjourned at 8:38 p.m.

SAN FRANCISCO
PORT COMMISSION

DOCUMENTS DEPT.

JUN 20 2002

SAN FRANCISCO
PUBLIC LIBRARY

REGULAR MEETING
4:00 P.M., TUESDAY, JUNE 25, 2002
BAYSIDE CONFERENCE ROOM
PIER 1, SAN FRANCISCO, CA 94111

AGENDA

1. **ROLL CALL**

2. **APPROVAL OF MINUTES** - June 11, 2002 Regular Meeting

3. **EXECUTIVE**

   A. Executive Director's Report
   - Port Security Grant Award

4. **ADMINISTRATIVE SERVICES**

   A. Request for approval of Executive Director's Compensation for FY 2002/2003. (Resolution No. 02-18) (Staff report provided to the Commission.)

5. **CONSENT**

   A. Request for approval of the Port's Updated Rental Rate Schedule. (Resolution No. 02-19) (Staff report provided to the Commission.)

   B. Request for approval of a Memorandum of Understanding with the SFCC Department of the Environment for a Compactor and Recycling Program at Pier 45. (Resolution No. 02-20) (Staff report provided to the Commission.)

6. **MARITIME**

   A. Request for approval of CEQA Findings and approval of Fourth Amendment to and Restatement of Sanitary Fill Company Lease No. L-12540 and the termination of Sanitary Fill Company Lease No. L-12550 at Pier 96. (Resolution No. 02-21) (Staff report provided to the Commission.)

7. **PLANNING & DEVELOPMENT**

   A. Request for approval to name the planned public access improvements south of China Basin Channel "China Basin Park" and Naming of "McCovey Point" within the Park. (Resolution No. 02-22) (Staff report provided to the Commission.)

B. Request for approval of extension of Exclusive Right to Negotiate with San Francisco Cruise Terminal LLC for the Bryant Street Pier Project, including the James R. Herman International Cruise Terminal and Mixed Use Development Project, on Piers 30-32 and Seawall Lot 330, located at Bryant Street and The Embarcadero. (Resolution No. 02-23) (Staff report provided to the Commission.)

8. NEW BUSINESS/PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to all Commissioners for review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

9. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative. *

a. Property: Embarcadero Hotel
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*Stanford Hospitality Inc.: Lawrence Lui

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at the Embarcadero.

b. Property: Pier 45
Person Negotiating: Port: Mark Lozovoy, Acting Deputy Director of Real Estate
*Red & White Fleet: Tom Escher

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 45.

c. Property: Pier 7
Person Negotiating: Port: Mark Lozovoy, Acting Deputy Director of Real Estate
*Waterfront Restaurant: Al Falchi

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 7.

d. Property: Pier 70
Person Negotiating: Port: Mark Lozovoy, Acting Deputy Director of Real Estate
*Delancey Street: Rick Mariano

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 70.

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER:

a. Discussion and action of anticipated litigation matter "as defendant" pursuant to Section (b) of California Government Code Section 54956.9. (1 case):

- North Atlantic Seafood: Consideration and possible action on Settlement Agreement.

10. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12

B. Vote in open session on whether to disclose any or executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

11. ADJOURNMENT

Staff Reports: Explanatory Documents available to the public are posted on the Port's Website at www.sfport.com.

JULY/AUGUST 2002
CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
July 9	4:00 p.m.	Port Commission	Bayside Conference Room @ Pier 1
Cancelled - July 23	4:00 p.m.	Port Commission	Bayside Conference Room @ Pier 1
August 13	4:00 p.m.	Port Commission	Bayside Conference Room @ Pier 1
August 27	4:00 p.m.	Port Commission	Bayside Conference Room @ Pier 1

NOTES:
The San Francisco Port Commission meets regularly on the 2nd and 4th Tuesday of the month at 4:00 p.m., unless otherwise noticed, in the Bayside Conference Room @ Pier 1. Contact Amy Quesada at 274-0406 to be placed on the mailing list for Commission meeting agenda. ***The Commission Agenda and staff reports are also posted on the Port's Website @ www.sfport.com.***

The Fisherman's Wharf Waterfront Advisory Group meets regularly on the 3rd Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Person: Kirk Bennett @ 274-0545.

The Maritime Commerce Advisory Committee (MCAC) meets every other month on the second Wednesday at 11:30 a.m. in Bayside 1 @ Pier 1. Contact Person: Jill Simpson @ 274-0519. The schedule is as follows: July 10, 2002, September 11, 2002, and November 13, 2002.

The Mission Bay CAC meets regularly on the 2nd Thursday of the month, from 5:00 to 7:00 p.m. at the Mission Bay Visitor Center (255 Channel Street). Please contact Tiffany Bohee at 749-2481 for more information.

The Northeast Waterfront Advisory Group meets regularly on the 1st Wednesday of the month at 4:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Person: Kirk Bennett @ 274-0545.

The Pier 70 Advisory Group meets monthly on an as-needed basis generally on the 2nd Wednesday of the month from 4 to 6 p.m. at the Potrero Campus of the California College of Arts and Crafts, Board Room, 1111 – 8th Street between Irvin and Hooper. Contact Person: Mark Paez @ 705-8674.

The Rincon Point-South Beach CAC meets regularly on the 3rd Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Please contact Tiffany Bohee at 749-2481 or 749-2400 for more information.

The Southern Waterfront Advisory Committee (SWAC) meets every 1st Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact Person: David Beaupre @ 274-0539 or david_beaupre@sfport.com.

The Waterfront Design Advisory Committee meets the 3rd Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conference Room @ Pier 1. Contact Person: Dan Hodapp @ 274-0625.

Port Website: Check out the Port's Website at **www.sfport.com.**

ACCESSIBLE MEETING INFORMATION

Getting to Pier 1:
Pier 1 on the Embarcadero, at the foot of Washington St. The Embarcadero Station is the closest BART and MUNI Metro stop, located below Market St. at Drumm & Spear Streets. The nearest F-Line streetcar stop is on the Embarcadero at Washington St. MUNI bus lines serving the Pier 1 area are the 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142.

The nearest accessible parking is provided in the following off-street pay lots:

A) 1 space in the surface lot on the west side of the Embarcadero at Washington St.
B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets
C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking.

Metered street parking is available on the Embarcadero, Washington St. and Drumm St.

Pier 1:
The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Commission Bayside meeting room. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Commission meeting room.

Accessible meeting information policy:
In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Kevin Jensen, ADA Coordinator, at 274-0555. The Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance. Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, please contact Donna Hall, Administrator at 554-7724; fax 554-5163; e-mail address Donna_Hall@ci.sf.ca.us; City Hall, Room 244, One Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4689. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Ordinance Task Force, the San Francisco Public Library and on the City's Website at www.ci.sf.ca.us/bdsupvrs/sunshine.

Lobbyist Registration and Reporting Requirements. Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code §2.100) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

PORT OF SAN FRANCISCO

MEMORANDUM

June 18, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Pius Lee
Hon. Denise McCarthy
Hon. Brian McWilliams

FROM: Douglas F. Wong
Executive Director pp Dfor

SUBJECT: Approval of 2002-2003 Executive Director Salary

DIRECTOR'S RECOMMENDATION: APPROVE THE 2002-2003 COMPENSATION FOR THE EXECUTIVE DIRECTOR

Charter Section B3.581(h) grants the Port Commission the exclusive authority to set the compensation of the Port Director. The Charter provides that the compensation shall not exceed the prevailing salaries paid to those holding similar positions in comparable maritime employment.

In the past several years, annual changes to the compensation for the Port Executive Director were set in accordance with the compensation increases provided to employees represented by the Municipal Executive Association (MEA).

The most recent contract that was negotiated between the City and MEA provides for salary increases of 2.5% on July 1, 2002 and 2.5% on January 4, 2003.

Additionally, the membership of the Municipal Executives Association, acting on the request of the Mayor and the President of the Board of Supervisors in order to minimize reductions in City services, have agreed to the following:

(a) Effective July 1, 2002 the City will reduce its "pick-up" of the required employee contribution to the retirement system by 2.75% of the employees' compensation, as defined in Charter section A8.500 *et seq.* or in Government Code section 20000 *et seq.* for those employees enrolled in PERS. At the close of business on June 30, 2003, the parties will return to the status quo ante (i.e., full "pick-up").

This Print Covers Calendar Item No. **4A**

(b) In addition to negotiated wage increases scheduled for fiscal year 2002-2003, employees shall receive a base wage increase of 1% at the close of business on June 30, 2003;

(c) During fiscal year 2002-2003, the City shall not layoff employees represented by the unions party to this agreement. This provision shall expire at the close of business on June 30, 2003.

The Port Executive Director's current salary is $175,578 annually. Approval of the same wage package as provided to employees represented by the MEA would advance the Director's annualized salary to $179,816.00 on July 1, 2002 and to $184,340.00 on January 4, 2003.

If the Port Commission enacts the above-cited provisions of the MEA agreement in setting the salary for the Port Director, he would have 2.75% of his salary deducted on a biweekly basis to supplement the City pickup of his retirement contribution. In return for the increased retirement contribution, at close of business on June 30, 2003 the Port Director's salary would be increased an additional 1% in accordance with the above provisions of the agreement between MEA and the City, bringing his salary up to $186,183.00 on July 1, 2003.

For purposes of information and comparison, a survey of salaries paid to Port Directors in the major West Coast Ports indicates that the overall average is $207,737.00. For those Ports operating a Seaport only the average is $189,630.20.

Prepared by: Kathy Mallegni
Assistant Deputy Director, Human Resources

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-19

WHEREAS, section B3.581(h) of the Charter grants the Port Commission the exclusive authority to set the compensation (salary and benefits) of the Port Executive Director; and

WHEREAS, in the past several years, annual increases to the compensation and benefits for the Port Executive Director were set similarly to those of members of the Municipal Executives Association (MEA), as negotiated between the City and the MEA; and

WHEREAS, the City and the MEA have agreed to increase the salary of MEA members by 2.5% effective July 1, 2002 and by an additional 2.5% on January 4, 2003; and

WHEREAS, the membership of the MEA has agreed to fund 2.5% the retirement cost currently paid by the City in return for an additional 1% salary increase at close of business June 30, 2003: now, therefore be it

RESOLVED, that the compensation for the Port Executive Director for Fiscal Year 2002-2003 be increased at the same rate as that of MEA members; and, be it further

RESOLVED, that the salary for the Port Executive Director for Fiscal Year 2001-2002 be increased by 2.5% on July 1, 2002 and by an additional 2.5% on January 4, 2003 with benefits equal to that provided to employees represented by MEA; and, be it finally

RESOLVED, that the Port Director will fund 2.5% of the retirement cost currently paid on his behalf by the City in return for an additional 1% salary increase at close of business June 30, 2003.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of June 25, 2002.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

June 20, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Denise McCarthy, Commissioner
Hon. Brian McWilliams, Commissioner
Hon. Pius Lee, Commissioner

FROM: Douglas F. Wong
Executive Director

SUBJECT: Adoption of Updated Rental Rate Schedule

DIRECTOR'S RECOMMENDATION: Approve Resolution

BACKGROUND

On September 8, 1993, the Port Commission (Resolution No. 93-127, as amended by Resolution 93-135) delegated authority to the Executive Director to approve and execute leases on behalf of the Port, provided the terms of said leases met certain parameters (the Port's Leasing Policy.) These pre-approved parameters established minimum rental rates for different types of facilities and uses and set the following criteria, which constitute the approved Leasing Parameters:

1. The Lease is for an office building or bulkhead office space, open or enclosed pier shed space, paved or unpaved open space, or open pier or apron space but is not for a retail use;

2. Except for temporary uses (with terms not exceeding six (6) months), the use under the lease represents a like-kind use to the existing or the immediately prior use of the facility;

3. The lease is for space included in the current Rental Rate Schedule adopted by the Port Commission, and the lease rent conforms to this Rental Rate Schedule;

4. The tenant signs the Port's standard form lease (adopted by Resolution No. 93-127), with no changes except for minor changes approved by the City Attorney or changes in insurance requirements approved by the City Risk Manager;

This Print Covers Calendar Item No. **5A**

5. The Lease term does not exceed five (5) years, except that leases of the Fisherman's Wharf Seafood Center at Pier 45 Sheds B and D may have a maximum lease term of ten (10) years (Port Resolution No. 94-122);

6. Rent credits given for tenant improvements do not bring the net effective rent over the term of the lease below the minimum rent parameters (except that rent credits allowed for paint and carpeting up to $5.00 per square foot for full service office buildings are considered "landlord's work" and are not included in calculating the net effective rent); and

7. The lease may include one month of free rent for construction prior to the commencement of rent.

Pursuant to the Port's Leasing Policy, the Port Commission has periodically approved Rental Rate Leasing Policy Schedules, which have set ranges of lease rental rates per square foot and ranges of net effective rental guidelines per square foot by type of use and facility. The Port Commission last adopted a Rental Rate Schedule in May 2000 by Resolution No. 00-35, which set rates for office and industrial space.

Since 2000, the rental market in San Francisco has changed dramatically, and therefore the Port Real Estate leasing staff conducted a survey to determine current market rental rates. This survey included a rental market survey of rental comparables as it relates to the Port's properties. The findings of the survey were used to develop the proposed Updated Rental Rate Schedule, attached hereto as Exhibit A.

Regarding office uses, the proposed Lease Rental Rates indicated on the attached Rental Rate Schedule for office space generally represents decreases of 40% to 54.5% as compared to the 2000 schedule, for the specific facilities listed below. These decreases reflect the dramatic downturn in the office rental market. (It should be noted that the rents many tenants are currently paying are greater than the Lease Rental Rates stated in the 2000 Rental Rate Schedule).

PROPOSED AMENDMENTS TO RENTAL RATE SCHEDULE

Roundhouse Plaza. Proposed parameter rental rate reduction from $3.40 - $3.75 per square foot to $2.00 - $2.75 per square foot.

Agriculture Building. Establish two categories of rental ranges: one for exterior window space with views to the Bay and the Embarcadero, and one range for interior core space with no windows to the outside. Proposed parameter rental rate reduction from $2.25 - $3.00 per square foot to $1.75 - $2.50 per square foot (window office) and $1.50 - $2.00 per square foot (interior office).

Pier 26 Annex. Proposed parameter rental rate reduction from $4.00 - $4.50 per square foot to $2.25 - $3.25 per square foot.

Pier 27 Annex. Proposed parameter rental rate reduction from $2.25 - $3.00 per square foot to $1.20 -$1.60 per square foot.

Pier 29 Annex. Proposed parameter rental rate reduction from $2.00 - $2.50 per square foot to $1.20 -$1.60 per square foot.

Pier 33-35 Bulkhead Buildings. Proposed parameter rental rate reduction from $2.75 - $3.50 per square foot to $1.25 -$1.75 per square foot.

Seawall Lot 303. Proposed parameter rental rate reduction from $2.75 - $3.00 per square foot to $1.25 -$1.75 per square foot.

Office Storage Rate. Proposed addition of an office storage rental rate of $0.50 per square foot.

Regarding industrial uses, the proposed Lease Rental Rates indicated on the attached Rental Rate schedule for shed spaces generally represent no changes from the previous Rental Rate Schedule.

RECOMMENDATIONS

Port staff proposes to amend the current rental rate schedule for office space to reflect the rental rates as derived in the aforementioned market survey.

The Commission approved Rental Rate Schedule presents two sets of rent rate ranges. The first, entitled Minimum Initial Lease Rental Rates, presents the rent range for the first year of the lease. The second, entitled Minimum Net Effective Rental Rates, presents the net effective rent calculated and applied over the lease term. This provides for the application of rent credits and/or the amortization of Port approved improvements to be constructed by the tenant. The proposed rental rates are outlined in Exhibit A attached.

With the adoption of this amendment to the Rental Rate Schedule, Port staff will be authorized to enter into leases without specific Port Commission approval of each lease provided that the lease conforms to all the pre-approved Leasing Parameters including the rental rates outlined above. Port staff would not be authorized to enter into leases at rental rates below those shown above without specific authorization from the Port Commission. This authorization would be conditioned upon Port staff providing the Commission within thirty days following each calendar month a summary of leases entered into during that month.

Prepared by: Jeffrey A. Bauer, Senior Leasing Manager

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-19

WHEREAS, by Resolution No. 93-127, adopted September 8, 1993, and as amended by Resolution 93-135, this Commission authorized the Executive Director to approve and execute leases that conform to all of the Leasing Parameters set forth in Resolutions No. 93-127 and 93-135; and

WHEREAS, said Leasing Parameters provide that leases so approved and executed shall have rents that conform to the Rental Rate Schedule adopted and amended periodically by the Port Commission; and

WHEREAS, Port staff has conducted a survey of current office and industrial rental markets and has prepared and recommended an updated Rental Rate Schedule attached hereto as Exhibit A; and

WHEREAS, based on the rental rates contained in the survey, Port staff recommends an amendment to the Rental Rate Schedule, which would set rental rates for office and industrial space as outlined in this Agenda Summary; now therefore be it

RESOLVED, that the Port Commission hereby approves and adopts the Amendment to Rental Rate Schedule, outlined in this Agenda Summary; and be it further

RESOLVED, that Port staff shall provide to the Commission within thirty days following each calendar month a summary of leases entered into and subleases or assignments consented to during that month.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of June 25, 2002

_____
Secretary

EXHIBIT A
RENTAL RATE SCHEDULE

TYPE OF USE & TYPE OF LEASE	CLASS & LOCATION OF FACILITY/SPACE	MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.	MINIMUM NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*
OFFICE SPACE USES:			
FULL SERVICE GROSS LEASES:	CLASS B		
	Roundhouse Plaza	$2.00 - 2.75	$1.83 - 1.93
	CLASS C		
	Agriculture Building		
	Window Office	$1.75 - 2.50	$1.73 - 1.83
	Interior Office	$1.50 - 2.00	$1.42 - 1.75
	401 Terry Francois	$1.75 - 2.50	$1.67 - 2.25
NET LEASES:	CLASS B		
	Pier 9 & Bulkhead Building	$2.80 - 3.75	$2.63 - 3.25
	Pier 26 Annex	$2.25 - 3.25	$2.00 - 2.25
	CLASS C		
	Piers 1-19 & Bulkhead Bldgs.	$2.25 - 3.00	$2.17 - 2.75
	Pier 27 Annex	$1.20 - 1.60	$1.16 - 1.44
	Pier 29 Annex	$1.20 - 1.60	$1.16 - 1.44
	Pier 33-35 Bulkhead Bldgs.	$1.25 - 1.75	$1.15 - 1.65
	SWL 303	$1.25 - 1.75	$1.15 - 1.65
	Piers 26-28 Bulkhead Bldgs.	$1.50 - 2.00	$1.42 - 1.75
	Piers 48-50	$1.45 - 1.75	$1.37 - 1.50
	501 Cesar Chavez	$1.45 - 1.60	$1.37 - 1.50
INDUSTRIAL SHED USES:**			
INDUSTRIAL GROSS LEASES:	NORTHEAST WATERFRONT		
	Pier 9 – 35	$0.48 - 0.67	$0.48 - 0.61
	SOUTH BEACH/CHINA BASIN		
	Piers 26 - 28	$0.45 - 0.64	$0.45 - 0.58
	Piers 48 – 50	$0.42 - 0.61	$0.42 - 0.55

TYPE OF USE & TYPE OF LEASE	CLASS & LOCATION OF FACILITY/SPACE	MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.	MINIMUM NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*
	SOUTHERN WATERFRONT		
	SWLs 343 & 354	$0.45 - 0.55	$0.45 - 0.55
	Pier 80	$0.45 - 0.55	$0.45 - 0.55
	Pier 92 & SWLs 344 & 349	$0.26 - 0.51	$0.26 - 0.51
OPEN LAND AND PIER SPACE USES:			
INDUSTRIAL GROSS LEASES:	NORTHEAST WATERFRONT	$0.18 - 0.25	$0.18 - 0.25
	SOUTH BEACH/CHINA BEACH	$0.18 - 0.25	$0.18 - 0.25
	SOUTHERN WATERFRONT	$0.12 - 0.20	$0.12 - 0.20
FISHING INDUSTRY USES:			
INDUSTRIAL GROSS LEASES:	FISH WHOLESALING & PROCESSING SPACE		
	Pier 45 Sheds	$0.51 - 0.53	$0.49 - 0.51
	Fish Alley Sheds	$0.51 - 0.53	$0.49 - 0.51
	Piers 28 & 33	$0.46 - 0.48	$0.44 - 0.46
	699 Illinois	$0.51 - 0.61	$0.51 - 0.61
	Aprons	$0.16 - 0.21	$0.16 - 0.20
LICENSES:	FISHING GEAR STORAGE	$0.12	$0.12
	OFFICE STORAGE	$0.50	$0.50

* Minimum Net Effective Rents after possible rent credits or allowances for needed tenant improvements to be made by tenants. These Minimum Net Effective Rates include paint and carpet and other improvements typically made by landlords. These Minimum Net Effective Rents exclude any leasing commissions due real estate brokers pursuant to the Port's Policy for Payment of Brokers' Commissions.

** Some industrial shed spaces include extensive tenant improvements, such as walls, utilities, and ancillary offices, which increase the rental value of these particular spaces. For such spaces not used by the fishing industry, the initial lease rent ranges should be increased by $0.10 – 0.40 monthly per sq. ft.

PORT OF SAN FRANCISCO

MEMORANDUM

June 19, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Brian McWilliams, Commissioner
Hon. Denise McCarthy, Commissioner
Hon. Pius Lee, Commissioner

FROM: Douglas F. Wong
Executive Director

SUBJECT: APPROVAL OF A MEMORANDUM OF UNDERSTANDING WITH THE SFCC DEPARTMENT OF THE ENVIRONMENT FOR A COMPACTOR AND RECYCLING PROGRAM AT PIER 45.

DIRECTOR'S RECOMMENDATION: APPROVE MEMORANDUM OF UNDERSTANDING WITH SFCC DEPARTMENT OF THE ENVIRONMENT

BACKGROUND:

The City and County of San Francisco Department of the Environment ("SFE") and the Port of San Francisco ("Port") have developed a composting and recycling program ("Program") for the economic and environmental benefit of the Fisherman's Wharf community at Pier 45.

The Port, the Fisherman's Wharf Merchants Association, the Port's restaurant and fish processing tenants at Pier 45 have agreed to create and support the Program that increases the operations and efficiency of the Fisherman's Wharf area.

The Program will be jointly funded and supported by the Port and SFE. SFE has committed $69,000 in funds that will be transferred to the Port to assist in establishing the Program and purchase of the compactor units. The Port has committed to providing the sites for the compactor units and essential infrastructure (enclosures, electrical power, water supply and drain lines). A Memorandum of Understanding ("MOU") has been prepared that documents the SFE commitment and how the Port will utilize the funds on behalf of the Program.

The Program will assist the Port and its tenants to maximize landfill diversion while helping to meet the objectives of the City's Resource Conservation Ordinance and State of California

This Print Covers Calendar Item No. **5B**

mandate of 50% diversion of compostable material from existing landfills. Compactor units that handle compostable material (fish waste, food scraps, pallets, cardboard boxes and any other waste product considered "bio-degradable") from fish processing and restaurant tenants in the Pier 45 area, will be recycled into fertilizer products.

The compostable Pier 45 waste material that is compacted, will divert more than 50%, or an estimated additional 500 tons per year, from the existing waste deposited at the Altamont landfill. The remaining non-compostable materials that are compacted will continue to be directed to the Altamont landfill.

The Program will consist of a total of four (4) compactor units. Two (2) compactor units will be situated on the exterior southeast corner of Pier 45, Shed B for the benefit of the restaurant tenants. Two (2) compactor units will be placed on the interior southeast corner of shed C. for the benefit of the fish processing tenants.

The Port agrees to utilize the $69,000 SFE funding for the purchase and modification of two (2) existing compactors from Port tenants and purchase of one (1) new compactor. One (1) compactor is currently owned and operated by Golden Gate Disposal and Recycling Company ("Golden Gate") and will remain as a part of the Program.

The Port is expanding the existing Pier 45, Shed B compactor site and will create an additional compactor/composting site as part of the pier 45, Shed C Development project to include the supporting concrete pads and essential infrastructure (drain lines, water, electrical power). The compactors and recycle bins in the Shed B area will be enclosed with chain link fencing while the compactors and recycle bins in Shed C will be enclosed within demising walls.

SFE and Golden Gate will provide initial and as-needed Program training and education to the participating Port restaurant and fish processing tenants in the Pier 45 area in the use of the equipment and participation in the Program.

Port staff and SFE have negotiated the following terms and conditions for a Memorandum of Understanding ("MOU") that documents the purpose of the Program and the intentions of the affected parties:

- **Premises:** 2,000 s.f. of exterior area located at the southeast corner of Pier 45, Shed B and 2,000 s.f. of interior shed space located within the southeast corner of Pier 45, Shed C.
- **Fund Provider:** City and County of San Francisco, Department of the Environment
- **Funds Recipient:** Port of San Francisco
- **Initial Program Period:** To receive the SFE funds and implement the Program between June 26, 2002 and June 30, 2003.
- **Use:** To acquire, modify and install compactors
- **Implementation Timeline:**

Shed B Location

- Site preparation work	12-31-02
- Compactor equipment purchase, modification and installation	03-01-03

Shed C Location

- Site preparation work	04-03-03
- Compactor equipment purchase, modification and installation	06-30-03

The Port will be responsible for the procurement and installation of the equipment through existing City purchasing procedures. Port staff will be responsible for working out the details surrounding the issues of the City's purchasing procedures.

Golden Gate will be responsible for routine and non-routine maintenance, repairs and replacement responsibilities and costs associated with the compactor equipment. These costs will be incorporated on a pro-rata basis into the monthly billing to the tenants participating in the Program. The Port will be responsible for keeping the compactor equipment locations clean and free of trash and debris.

Port Commission approval is requested for approving the terms of the proposed MOU between the Port and SFE and to receive the $69,000 funding from SFE in support of the Program.

Prepared by: Mark Bryant: Commercial Property Manager

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-20

WHEREAS, Charter Section 3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, The City and County of San Francisco Department of the Environment ("SFE") has agreed to contribute $69,000 in support of a implementing a composting and recycling program ("Program") on Port controlled property at Pier 45; and

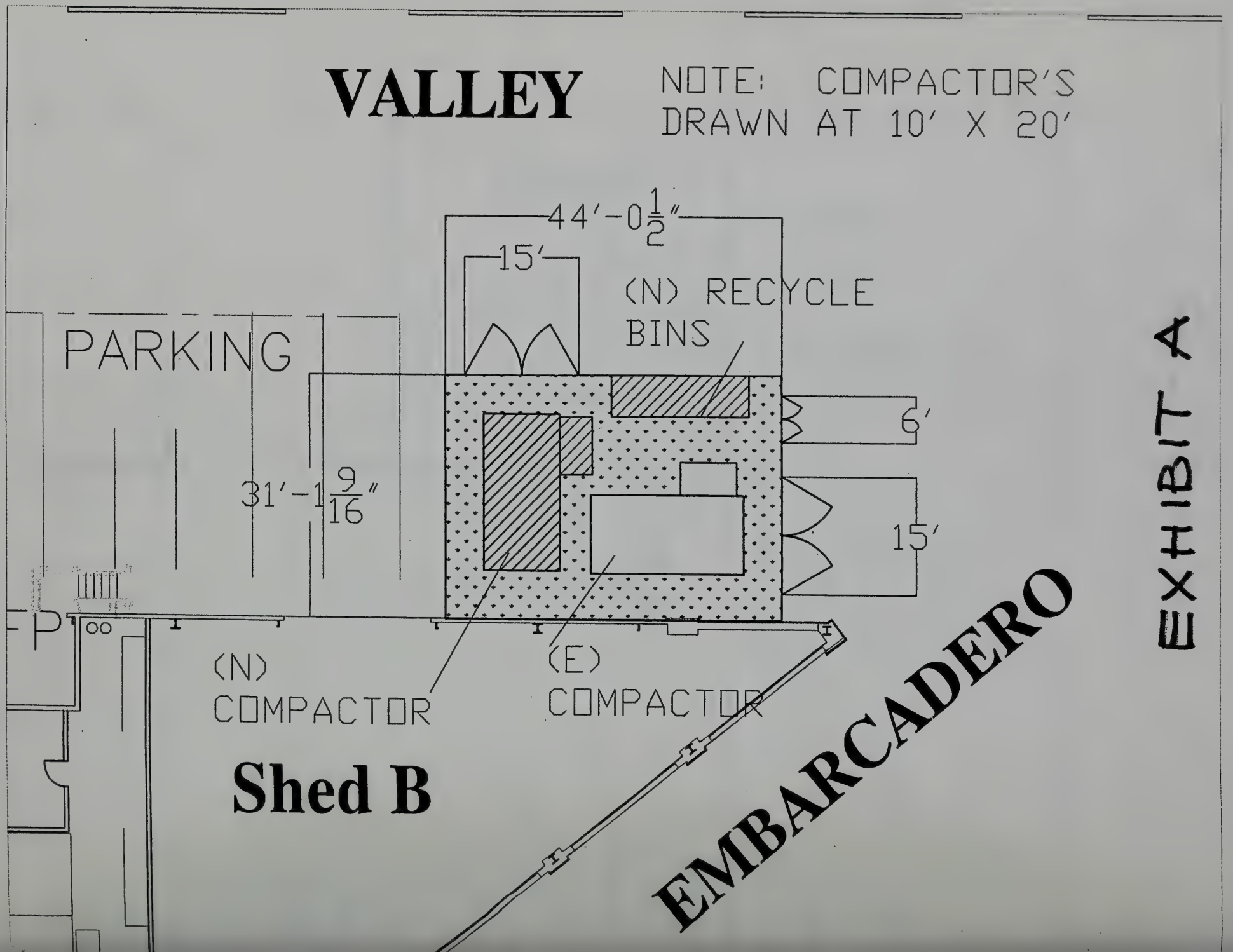
WHEREAS, The Program will assist the Port and its tenants to meet the objectives of the City's Resource Conservation Ordinance and State of California mandate of 50% diversion of compostable materials from existing landfills; now therefore be it:

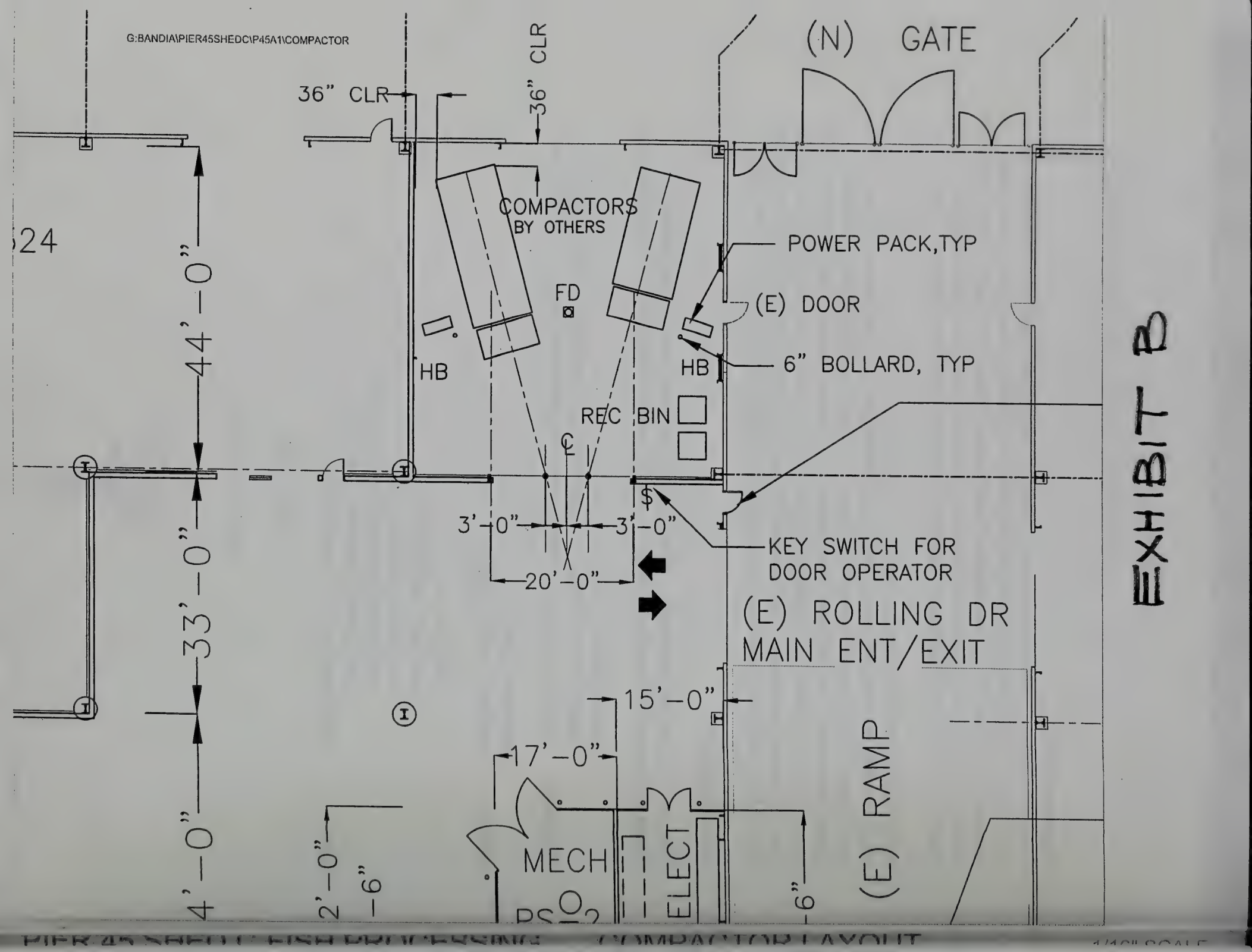
RESOLVED, That the Port Commission hereby directs the Port Executive director to accept the contribution from SFE and implement the program as described in the Memorandum for Item 5B of the Port Commission meeting on June 25, 2002 and be it further

RESOLVED, That the Port Commission hereby authorizes the Port Executive Director or his designee to negotiate and enter into, on behalf of the Port, a Memorandum of Understanding with SFE regarding the Program, in a form to be approved by the Office of the City Attorney, and to take any and all actions necessary to carry out the intent of this Resolution.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of June 25, 2002

_____
Secretary


VALLEY
NOTE: COMPACTOR'S DRAWN AT 10' X 20'
44'-0 1/2"
15'
(N) RECYCLE BINS
PARKING
6'
31'-1 9/16"
15'
(N) COMPACTOR
(E) COMPACTOR
Shed B
EMBARCADERO
EXHIBIT A


G:BANDIA\PIER45SHEDC\P45A1\COMPACTOR
(N) GATE
36" CLR
36" CLR
COMPACTORS
BY OTHERS
POWER PACK,TYP
FD
(E) DOOR
HB
HB
6" BOLLARD, TYP
REC BIN
44'-0"
33'-0"
3'-0"
3'-0"
20'-0"
KEY SWITCH FOR
DOOR OPERATOR
(E) ROLLING DR
MAIN ENT/EXIT
15'-0"
17'-0"
MECH
ELECT
(E) RAMP
2'-0"
6"
6"
EXHIBIT B

PORT OF SAN FRANCISCO

MEMORANDUM

June 20, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Denise McCarthy
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong BFW
Executive Director

SUBJECT: Approval of Fourth Amendment to and Restatement of Lease No. L-12540 and Termination of Lease No. L-12550 at Pier 96 (Eastern foot of Cargo Way at Jennings Street)

DIRECTOR'S RECOMMENDATION: APPROVE fourth Amendment to and Restatement of Lease No. L-12540 and termination of Lease No. L-12550 with Sanitary Fill Company

BACKGROUND

Sanitary Fill Company, a wholly owned subsidiary company of Norcal Waste Systems, Inc. ("SFC"), pursuant to a May 30, 2002 assignment from West Coast Recycling Co., also a wholly owned subsidiary company of Norcal Waste Systems, Inc., currently leases 197,580 square feet of Shed space at the Pier 96 Lighter Shed and an 133,011 square feet of Paved Yard space for a waste paper/dry fiber (cardboard, newsprint, sheet paper, etc.) plastics and metal recycling facility pursuant to Lease No. L-12540, and 3,713 square feet of Office space at the Pier 96 Administration Building pursuant to Lease No. L-12550.

Lease No. L-12540 had an initial term of five (5) years commencing on August 1, 1998. Because of the high level of expenditure required to convert the former Lighter Shed into a modern recycling facility, SFC requested and was granted by Resolution 99-20 an additional twenty (20) year lease term. In return for the longer term lease of this maritime facility, SFC agreed to a guaranteed minimum number of container throughputs at Port of San Francisco container terminals.

THIS PRINT COVERS CALENDAR ITEM NO. **6A**

Pursuant to Lease No. L-12540 as modified by the Commission action referenced above, SFC currently operates a medium volume transfer/processing facility for the recovery and processing of paper-rich and source-separated recyclable materials. SFC seeks additional Commission approval to handle larger quantities of commercially generated regulated recyclable materials, utilizing the Pier 96 premises as a transfer processing facility consistent with the requirements of Title 14 of the California Code of Regulations (14 CCR).

The proposed use is consistent with good environmental practices, and will yield cost savings on disposal of waste in landfills. In addition, the need for this recycling and maritime transshipment center is accentuated by the State of California mandate (A.B. 939) that the City and County of San Francisco achieve a fifty percent (50%) recycling recovery ratio for waste products generated within its jurisdiction. The Norcal Companies are the primary refuse and recyclables collectors in the City and County and their operations are critical in helping the City realize the 50% recovery mandate.

PROPOSED USE

The materials processed at Pier 96 will continue to be predominantly dry, mixed-grades of recyclable materials including mixed paper, aluminum and tin cans, glass and plastic containers and other scrap metals and wood. The main sources of these materials will be from commercial and residential recycling collection programs, and public buy-back programs. The Pier 96 premises will not be permitted to receive construction and demolition waste, solid waste that is not source-separated or targeted for recycling, organics (putrescible food and gardening waste) from organics collection programs, or hazardous or medical wastes. The Pier 96 premises will be designed for a maximum daily throughput of 2,100 tons per operating day with an average daily throughput of 1,400 tons. The majority of the recyclable materials recovered at the Pier 96 premises will be baled and shipped to domestic and foreign markets via the Port of San Francisco and/or other ports in the Bay Area. Other modes of outbound transport of processed recyclable materials will include truck and rail. The operation of the facility will be governed by a Solid Waste Facility Permit, enforced by the State Integrated Waste Management Board and the local enforcement agency within the San Francisco Department of Public Health.

Given availability of space on cargo vessels calling at the Port of San Francisco Container Terminal at Pier 80, these loaded containers would be shipped to the recycling process centers in the Far East and, possibly to North and South American ports, including some United States domestic ports. To the extent that space is not available on container cargo ships calling at the Port of San Francisco, these loaded containers will be transferred to other Bay Area ports for shipment to their ultimate destination.

Per Commission Resolution 99-20, specific maritime commitments were placed upon WCR to ensure a significant portion of containers produced from Pier 96 operations are loaded aboard cargo vessels at Port of San Francisco container terminals. Should the tenant fail to meet these commitments, it is subject to specific economic penalties. The agreement also provides economic incentives if the tenant achieves container throughput movement in numbers beyond its commitment. Recyclable paper and fiber represents the United States' single largest export

commodity in terms of the number of metric tons and container units and as such Port staff and the tenant will continue their partnership to enhance the Port's ability to attract cargo carriers serving recyclable processing centers in the Far East and elsewhere.

The terms of the proposed Amendment to and Restatement of Lease No. L-12540 are discussed below:

PROPOSED AMENDMENT TO AND RESTATEMENT OF LEASE NO. L-12540

Tenant: The Port entered into Lease No. 12540 with West Coast Recycling Co. (WCR), in 1998. The Director of Public Works' Report on the 2001 Rate Application from Sanitary Fill Company, Sunset Scavenger Company and Golden Gate Disposal and Recycling Company supported the continued use of Pier 96 as a recycling center. The Director's report also required that the facility be permitted and operated by one of the City regulated companies listed above. Each of the companies listed above and WCR are wholly owned subsidiaries of Norcal Waste Systems, Inc. In compliance with the Director's Report and pursuant to the existing lease, WCR assigned the Lease No. 12540 to Sanitary Fill Company (SFC). Therefore, the Fourth Amended and Restated Lease will list SFC as the Tenant.

Premises: 195,281 square feet of Shed, Outbuilding and Loading Dock space; 201,626 square feet of Paved Yard space; Non-exclusive Access to the on-Premise Rail Corridor; Non-exclusive access to 32,097 square feet of Stringer space. Tenant to have an option for exclusive control of the Stringer space which, if exercised, would increase monthly rent; Port retains access to adjacent dock in all cases.

Use: Delivery, sorting, compaction, containerization, storage and transshipment of not more than 2,100 tons per day of source separated and non-source separated residential and commercial recyclable material ("Recyclable Materials"). The Recyclable Materials shall consist primarily of recyclable waste products, including, but not limited to, paper, cardboard, fiber, plastic, metals, glass and wood. Construction and demolition wastes and source-separated food wastes, as those terms are defined in Title 14 of the California Code of Regulations, medical wastes, as defined in the California Health and Safety Code, or hazardous wastes are prohibited. Unprocessed and processed Recyclable Materials shall be transported by ocean going vessels, truck and rail. Other authorized uses of the Premises are limited to vehicle storage, employee parking, and construction and installation of appropriate structures and machinery and directly related general administrative functions.

Tenant acknowledges that Tenant's use of the Premises shall be in compliance with, and subject to, all terms and conditions of any and all required regulatory approvals necessary to engage in the Permitted Uses, including, but not limited to, monthly inspections by the Department of Public Health and the preparation and

submission by Tenant to the Department of Public Health of quarterly compliance reports.

Outdoor containerization and transshipment of glass shall occur only between the hours of 5:00 a.m. and 10:00 p.m. Tenant agrees to revise said hours as necessary should glass loading activities constitute waste or nuisance to owners or occupants of adjacent properties. Other than the containerization and transshipment of glass, outdoor activities shall include the loading of shipping containers, rail cars and transfer trucks with baled and non-baled processed Recyclable Materials for subsequent transport to off-site vendors and residual material derived from the various processing operations for subsequent transport to a permitted solid waste disposal facility; the operation of conveyor load-out systems for wood and scrap-metal processed at the facility including the placement of wood products directly into an enclosed overhead storage hopper and the placement of scrap-metal directly into an open roll-off container; the operation of a scalehouse to weigh inbound and outbound loads; the installation of a modular building to contain employee lockers and restroom facilities; for vehicle access and traffic routing; and for employee and visitor parking.

Term: No change from existing provisions (i.e., Twenty five (25) years commencing August 1, 1998 and terminating July 31, 2023.)

Rent: $87,882.31 per calendar month ($1,054,587.72 per year)

Rent Adjustment:
(A) Annually per Consumer Price Index (CPI)
(B) Every five (5) years to then existing market rent for similarly scheduled Port properties.

MARITIME COMMITMENT

No change from existing provisions. SFC acknowledges that the Pier 96 Container Terminal is a Port maritime facility and is designed to accommodate the shipment from and receiving of containerized cargo by or from water borne vessels including without limitation container ships, cargo liners, barges and other cargo vessels. Adjunct to its function as a container terminal, the Pier 96 Container Terminal Facility is designed to be used for the sourcing of cargo, loading and unloading of containers, storage of containers pending delivery to cargo vessels or to their inland point of destination and the breaking down of bulk (non-container) cargo.

It is the intention of Port and SFC that the recyclable materials to be collected, processed and loaded into containers on the Premises by SFC will be shipped out of Port of San Francisco facilities by container shippers, cargo liners, bulk carriers, barges or other cargo vessels calling at Port facilities and thereby provide Port with additional revenues from the dockage fees, wharfage fees, crane rental fees and railroad switchage fees directly attributable to the containers and other cargo generated by SFC. Additionally, Port is anticipating that the City and County of San Francisco and the entire San Francisco Bay Area Region will benefit from the jobs to be

created by SFC's use of the Premises and its shipment of containerized and/or bulk cargo from Port facilities.

Accordingly, as material consideration for Port's agreement to accept as rent the Base Rent set forth in Section 1.3, SFC agrees to ship from the Port of San Francisco the following minimum number of twenty foot equivalent container units ("TEU's") during the term of the Lease:

By the end of the Third Lease Year:	4,800 TEU's per year;
By the end of the Fifth Lease Year:	5,700 TEU's per year;
By the end of the Tenth Lease Year	7,600 TEU's per year.

If during any Lease Year, SFC fails to meet the minimum level of container shipments from Port of San Francisco facilities, SFC shall have one Lease Year to make up said deficiency for the previous Lease Year in addition to meeting the minimum requirement for the current Lease Year. In the event SFC does not make up the deficiency for the previous Lease Year within such twelve month cure period, SFC shall pay to Port a Maritime Deficiency Fee equal to twice the wharfage fees and twice the crane rental fees that would otherwise have been attributable to the number of TEU container units constituting the deficiency.

Not less than thirty (30) days following the end of each Lease Year, SFC shall deliver to Port a written statement indicating the number of TEU container units generated by SFC and shipped by SFC through Port of San Francisco facilities during the preceding Lease Year and the amount of any deficiency, if any.

If SFC ships more than the minimum number of TEU container units through Port of San Francisco facilities during any one lease year, the numbers of such excess TEU container units cannot be used to cure the deficiency for other than the previous Lease Year.

50% of the Maritime Deficiency Fee for any one Lease Year may be waived by Port upon application to Port by SFC and upon receipt by Port of evidence reasonably acceptable to Port that there were no container slots available for shipment to SFC's market on cargo liners, container ships and/or bulk carriers calling on Port of San Francisco facilities and that the cost to transfer containers by other barge and/or other vessels to Port facilities in other jurisdictions on the San Francisco and San Pablo Bays would be greater than the Maritime Deficiency Fee that would otherwise be payable to Port or that the United States Domestic Market for the recyclable products sorted and loaded into containers or other suitable vehicles by SFC in the Premises would generate higher profit levels to SFC.

Within 30 days after Port's receipt of SFC's request for a waiver of the Maritime Deficiency Fee accompanied by the required evidence, Port shall either (1) grant the waiver in writing or (2) deny the waiver in writing stating why the evidence is unacceptable. In no event may an individual waiver by Port be made for other than the Lease Year next preceding the application by SFC for such relief.

If during any Lease Year, SFC shall generate more than the minimum TEU container requirement for that Lease Year and provided further that SFC has not generated a container deficiency for the preceding Lease Year, SFC shall be entitled to a rent credit equal to one half the actual wharfage and crane rental fees received by Port and directly attributable to the shipment of containers loaded on the Premises and shipped through Port of San Francisco facilities during that same Lease Year.

ENVIRONMENTAL REVIEW

The environmental effects of the proposed increase in SFC recycling operations at Pier 96 were analyzed in a Final Negative Declaration, published by the San Francisco Planning Department on April 19, 2002. The Negative Declaration is tiered from environmental analysis contained in the Southern Waterfront Final Supplemental Environmental Impact Report (SEIR), certified by the San Francisco Planning Commission on February 15, 2001, which includes an address of cumulative impacts from a group of proposed uses in the Southern Waterfront under Port jurisdiction, including those proposed by SFC for its recycling facility at Pier 96. Together, the Final Negative Declaration and SEIR analyze the project-specific and cumulative environmental impacts of the increased recycling activities proposed in the SFC lease amendment, pursuant to requirements of the California Environmental Quality Act (CEQA) and CEQA Guidelines.

Prior to taking action on the SFC lease amendment, the Port Commission must review and consider the information contained in the Final Negative Declaration and SEIR, and adopt findings, consistent with requirements under CEQA. These findings are contained in Attachment A, incorporated by reference in Port Commission Resolution No. 02-21. The findings include a description of the SFC project; discussion of the Final Negative Declaration and SEIR; required mitigation measures; SEIR conclusions with respect to significant impacts; discussion of the SEIR alternatives and reasons for their rejection; and a statement of overriding considerations explaining the reasons for Port Commission approval of the SFC project.

PROPOSED TERMINATION OF LEASE NO. L-12550

Lease No. L - 12550 is for 3,713 square feet of office space at the Pier 96 Administration building. The tenant no longer requires the use of the office space and has requested early termination of the lease agreement.

RECOMMENDATION

Port staff recommends approval of the Fourth Amendment to and Restatement of Leases Nos. L-12540, and termination of L-12550 on the terms and conditions outlined above.

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-21

WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of the City and County of San Francisco; and

WHEREAS, By Lease No. L-12540, executed February 3, 1998, the Port and West Coast Recycling Co. ("WCR") entered into a lease for certain real property located at Pier 96, as more particularly described in that Lease, for purposes of establishing a recyclable materials handling and maritime cargo source transshipment facility; and

WHEREAS, Lease No. L-12540 was amended by the First Amendment to Lease, dated June 30,1998, Second Amendment to and Restatement of Lease, dated December 17, 1998 and Third Amendment to Lease, dated July 9, 2001;

WHEREAS, WCR, a wholly owned subsidiary company of Norcal Waste Systems, Inc., transferred all of its interest in Lease No. 12540 to Sanitary Fill Company ("SFC"), also a wholly owned subsidiary company of Norcal Waste Systems, Inc. on May 30,2002; and

WHEREAS, WCR also transferred its interest in Lease No. L-12550 to SFC, a lease for 3,713 square feet of Office space a the Pier 96 Administration Building; and

WHEREAS, SFC has agreed to certain minimum through puts of containerized cargo generated at the Pier 96 recycling facility through the Port of San Francisco's container terminals; and

WHEREAS, SFC has proposed an amendment to its existing lease (L-12540) with the Port of San Francisco ("Port") for premises located at Pier 96 to increase the volume of recyclable and residual materials process at the Pier 96 Facility to a maximum of 2,100 tons per day; and

WHEREAS, SFC has requested early termination of Lease No. L-12550 for 3,713 square feet of administrative office space; and

WHEREAS, Under the terms of the existing Lease No. L-12540, SFC is authorized to receive and process sorted and non-sorted recyclable material collected throughout San Francisco and to load shipping containers and trucks with recovered recyclable material; and

WHEREAS, Prior to the Port Commission's approval of Lease No 12540 to WCR in 1998, the Environmental Review Officer of the San Francisco Planning Department ("City Planning"), as lead agency, conducted an environmental review of WCR's proposed recycling operation at Pier 96 as required by the California Environmental Quality Act ("CEQA"), Public Res. Code, Sections 21000, *et seq.*; and

WHEREAS, On July 21, 1998, City Planning determined that WCR's recycling operation was exempt from further environmental review under a General Rule Exclusion pursuant to Public Res. Code Section 21085 and Sections 15061(b)(3) and 15301 of Title 14 of the Calif. Code of Regulations ("CEQA Guidelines"); and

WHEREAS, By Resolution 99-20, the Port Commission approved a 20-year extension of the term of the original lease, with no change in the permitted uses, based on the July 21, 1998 General Rule Exclusion and Categorical Exemption; and

WHEREAS, Lease No. L-12540, as so extended, restricted the permitted uses consistent with the project analyzed in the July 21, 1998 General Rule Exclusion, which was incorporated by reference in the Lease; and

WHEREAS, SFC proposes to amend the permitted uses under Lease No. L-12540 to allow SFC to accept and process additional recyclable materials at Pier 96 that will contain residual waste volume that is greater than ten percent of total volumes processed, thus requiring a Solid Waste Facilities Permit from the City Health Department, and could result in more than 350 truck trips per day (hereafter the "Project"), thus requiring further environmental review;

WHEREAS, On February 16, 2002, City Planning, as lead agency, circulated for public review and comment a Preliminary Negative Declaration, pursuant to the California Environmental Quality Act (CEQA), to analyze the incremental environmental effects of the Project; and

WHEREAS, On April 18, 2002, City Planning issued a final Negative Declaration for the Project; and

WHEREAS, The Negative Declaration was tiered from the Southern Waterfront Final Supplemental Environmental Impact Report, Case No. 1999.377E ("SEIR"), which was approved and certified by the City's Planning Commission on February 15, 2001, and which supplements the Waterfront Land Use Plan Final Environmental Impact Report, Case No. 94.155E ("FEIR") that was certified by the Planning Commission on January 9, 1997; and

WHEREAS, The project analyzed in the SEIR was a proposal for six lease uses and a Port infrastructure project on property under the jurisdiction of the Port known as the Southern Waterfront, generally located from Pier 70 south to India Basin and east of Illinois Street; and

WHEREAS, The SEIR also analyzed the cumulative impacts of the six lease uses and the Port infrastructure project together with potential future growth in cargo shipping at Piers 80 and 94-96, including potential increases in WCR's recycling operations, the expansion of the Port's dredge material handling program, and future development of Piers 90-94 and Pier 70; and

WHEREAS, The SEIR concluded that significant cumulative concentrations of PM-10 and diesel particulates and significant cumulative traffic congestion at four intersections could not be mitigated to a level of insignificance; and

WHEREAS, The Negative Declaration finds that the incremental impacts of the Project will not be significant and that the Project does not contribute to cumulative traffic impacts; and

WHEREAS, The Negative Declaration finds that the Project's increase in mobile source emissions will result in a less than significant impact on air quality, and relies on the analysis in the SEIR concerning cumulative impacts, which concludes that the activities analyzed in the SEIR, including this Project, in combination with other development along the waterfront, will have a significant cumulative impact on PM-10 and diesel particulate emissions; and;

WHEREAS, The Port has prepared findings as required by CEQA regarding alternatives, mitigation measures and significant environmental impacts analyzed in the SEIR, overriding considerations for approving the Project and a proposed mitigation monitoring program which material was made available to the public and this Port Commission for the Port Commission's review, consideration and actions; now, therefore, be it

RESOLVED, that the Port Commission has reviewed and considered the information contained in the Negative Declaration and SEIR and associated attachments, records and references; and be it further

RESOLVED, that the Port Commission adopts and incorporates by reference the California Environmental Quality Act findings for the Project as set forth in the Negative Declaration; and be it further

RESOLVED, that the Port Commission has reviewed and considered Planning Commission Motion No. 16093 certifying the SEIR and finding the SEIR adequate, accurate and objective, and reflecting the independent judgement of the Planning Commission; and be it further

RESOLVED that the Port Commission has reviewed and considered the Negative Declaration and SEIR and hereby adopts the findings attached hereto as Attachment A and incorporates the same herein by this reference, including Mitigation Measures Required as Conditions of the amendment to Lease No. L-12540 with the Sanitary Fill Company, the project alternatives, and potential significant environmental effects of the Project, as approved, and a statement of overriding considerations supporting the decision to approve the Fourth Amendment to and Restatement of Lease No. L-12540 with Sanitary Fill Company; and be it further

RESOLVED, that the San Francisco Port Commission, hereby authorizes the Executive Director to execute the Fourth Amendment to and Restatement of Lease No. L-12540 in substantially the form on file with the Secretary of the Port Commission for this Agenda item, upon the terms and conditions as set forth in this Resolution, including Attachment A, and the Memorandum of Agenda Item 6A for the June 25, 2002 Port Commission meeting, incorporating any necessary revisions that are approved by the City Attorney as consistent with this authorization.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of June 25, 2002.

_____

Secretary

EXHIBIT A
FINDINGS OF THE PORT COMMISSION
APPROVING THE FOURTH LEASE AMENDMENT TO LEASE NO. L-12540 WITH WEST COAST RECYCLING, CO. FOR PREMISES LOCATED AT PIER 96

The following findings are hereby adopted by the Commission for the Port of San Francisco ("Port Commission") pursuant to the requirements of the California Environmental Quality Act ("CEQA"), California Public Resources Code Sections 21000 et seq., the guidelines implementing CEQA ("CEQA Guidelines"), 14 Cal. Administrative Code Sections 15000 et seq., and Chapter 31 of the San Francisco Administrative Code.

These findings are adopted, and incorporated by reference, in Port Commission Resolution 02-21 dated June 25, 2002, approving a fourth amendment of Lease No. L-12540 with West Coast Recycling, Co. ("WCR") for premises located at Pier 96.

These findings are based on the April 18, 2002 Negative Declaration for WCR's proposal to accept and process additional recyclable materials at Pier 96 that will contain residual waste volume that is greater than ten percent of the total volume processed at the facility (the "Project"), and the Southern Waterfront Final Supplemental Environmental Impact Report ("SEIR"). The Negative Declaration is tiered from the February 15, 2001 certified SEIR, which supplements the January 9, 1997 certified Waterfront Land Use Plan Final Environmental Impact Report ("FEIR").

The findings contain the following sections:

Part 1 describes the Record which supports these Findings.

Part 2 describes the operations at Pier 96 currently permitted by WCR's existing lease, operations at Pier 96 as proposed under the Project, the proposed amendments to Lease No. L-12540, and the other permit approvals necessary to implement the Project.

Part 3 describes the CEQA requirements to study the potential environmental impacts of proposed projects, and describes the CEQA analysis performed for the Project, including an explanation of significant impacts in those CEQA documents, and the Port's findings in response to comments received on the Negative Declaration.

Part 4 contains a discussion of mitigation measures required as part of the SFC lease amendment Project, and other mitigation measures in the SEIR that are not applicable to the Project.

Part 5 contains a discussion of the SEIR Alternatives and reasons for rejection of the Alternative A, the only one applicable to the Project.

Part 6 contains a Statement of Overriding Considerations, setting forth specific economic, social and other reasons in support of the Port Commission's approval of the Lease.

PART 1.0 THE RECORD IN SUPPORT OF THESE FINDINGS

1.1 Location and Custodian of Record.

The public hearing transcripts, a copy of all letters received during the public review period, the administrative record, and background documentation of the Negative Declaration and SEIR are located at the Planning Department, 1660 Mission Street, San Francisco. The Planning Department is the custodian of record.

These findings are based on substantial evidence contained in the record before the Port Commission. For ease and clarity of reading, specific citations to information in the record upon which each finding is based may have been omitted. In all instances, however, these findings are based on the information contained in the Negative Declaration and SEIR, as supplemented with information provided by the applicant, consultants, and interested parties, and reasonable inferences drawn from such information, identified below. Much of this information was cited in the Negative Declaration and SEIR; all of this information has been and will continue to be available for public review at the offices of the San Francisco Planning Department and/or the Port of San Francisco.

1.2 Contents of Record.

For purposes of CEQA and these findings, the record before this Commission includes, without limitation, the following:

A. All application materials and supporting documents submitted by WCR;

B. The Waterfront Land Use Plan Final EIR, and associated CEQA Findings adopted by the Port Commission in June 1997;

C. The SEIR including the Draft SEIR, comments received on the Draft SEIR, Responses to Comments, staff initiated text changes to the SEIR, and all appendices;

D. All meeting agendas, minutes and reports to the Southern Waterfront Advisory Committee, Port Commission, or other Boards and Commissions attachments, references and material kept in the ordinary course of business associated with the public planning process;

E. All relevant staff, and public reports and memoranda kept in the ordinary course of business providing substantial evidence to support these findings, and the SEIR, including attachments, appendices and references kept in the ordinary course of business; and

F. All public notices, including but not limited to notices of intent to adopt a Negative Declaration for the Project, and notices of public meetings.

PART 2.0 PROJECT DESCRIPTION

2.1 Existing Operations at Pier 96.

WCR currently leases an approximately 185,000 square foot shed and about 120,000 square feet of adjacent yard space at the Pier 96 marine terminal. WCR operates a recycling facility at Pier 96, referred to as "Recycle Central" pursuant to its existing Lease No. L-12540 with the Port and a Registration Permit issued by the San Francisco Bureau of Environmental Health with concurrence from the California Integrated Waste Management Board as required by Title 14 of the California Code of Regulations.

WCR is authorized under its existing lease to receive and sort predominantly dry source-separated residential and commercial recyclable material collected throughout San Francisco, including fiber (paper products), plastic, glass, and aluminum. Wood, scrap metal and construction materials are prohibited, and the amount of unrecyclable waste that remains after sorting out all the recyclables ("residual waste") must be less than ten percent of the total volume of material processed. Sorted recyclable material is packed into containers and shipped domestically and overseas. Using existing equipment and upgrades to that equipment authorized by WCR's existing lease, WCR is equipped to accept and process approximately 2,100 tons of recyclable material a day (TPD). WCR is permitted to operate 24-hours a day, seven days a week. WCR's operations are currently limited to recycling activities that generate no more than 350 truck trips to the site per day, pursuant to a General Rule Exemption issued on July 21, 1998.

2.2 Project Description.

To help San Francisco achieve its recycling goal of 75 percent by 2010, WCR proposes to accept and process recyclable materials more strictly regulated by the San Francisco Bureau of Environmental Health and the California Integrated Waste Management Board than WCR's existing operations (the "Project"). Specifically, WCR is required to obtain a Solid Waste Facilities Permit ("SWFP") under Title 14 of the California Code of Regulations. The SWFP will allow WCR to operate a recycling transfer station that generates more than ten percent residual waste of the total volumes processed. The SWFP will not allow storage of the residuals for more than 48 hours before transfer for ultimate disposal.

By accepting and processing these more strictly regulated materials, WCR will increase the amount of recyclable material diverted from landfill disposal. The additional material WCR proposes to receive and sort is more strictly regulated because it contains residual waste volume that is greater than ten percent of the total volume processed. Some of the new materials may include incidental quantities of wood and scrap metal, but no construction and demolition waste will be accepted or processed.

Based on a daily acceptance rate of 468 truckloads of material a day, WCR proposes to accept and process a daily average of 1,400 TPD. The maximum acceptance rate, however, is not expected to exceed the amount authorized under WCR's existing lease (2,100 TPD). WCR does not propose any changes to existing facility operation hours (described above), nor does it propose any increase

in activity during nighttime hours, as most processing activity will continue to take place between 4:00 a.m. and 1:30 p.m.

No additional equipment or upgrades to that equipment not already authorized by WCR's existing lease and its development permit from the Bay Conservation and Development Commission approvals ("BCDC") are proposed. No significant physical changes to the premises at Pier 96 will be needed to accommodate the planned operations.

2.3 The Lease Amendment

The lease would be amended to name Sanitary Fill Company (SFC), as a wholly owned subsidiary of Norcal Waste Systems, Inc., as the Tenant. To implement the Project as described above, Section 1.8 of SFC's existing Lease No. L-12540 will be amended as follows (language added is underscored and deleted language is ~~stricken~~):

1.8 Permitted Uses: (Section 8.1)

Delivery, sorting, compaction, containerization (loading shipping containers), storage and transshipment of not more than 2,100 tons per day of source separated and non-source separated residential and commercial recyclable material ("Recyclable Materials"). The Recyclable Materials shall consist primarily of recyclable waste products, including, but not limited to, paper, cardboard, plastic, metal, glass, and incidental quantities (less than 5%) of wood. ~~,and other predominantly dry waste products,~~ Construction and demolition waste, garbage and medical waste are prohibited, as those terms are defined in the Health and Safety Code and Title 14 of the California Code of Regulations. Unprocessed and processed Recyclable Materials shall be transported by ocean going vessels, truck and rail~~;~~.

Other authorized uses of the Premises are limited to vehicle storage~~;~~, employee and visitor parking~~;~~, and construction and installation of appropriate structures and machinery consistent with Section 13 (Improvements and Alterations) of this Lease and directly related general administrative functions. ~~and and for no other use.~~ Uses of the Premises other than those specified in this Section are prohibited.

Tenant acknowledges that Tenant's use of the Premises shall be in compliance with all terms and conditions of any and all required regulatory approvals necessary to engage in the Permitted Uses. ~~is governed by the findings of the City and County of San Francisco Planning Department "Notice/Certificate of Determination of Exemption/Exclusion from Environmental Review" dated July 21, 1998 (hereinafter the "Notice of Exemption/Exclusion") which Notice of Determination of Exemption/Exclusion from Environmental Review (hereinafter the "Notice of Exemption/Exclusion") is attached hereto as Exhibit B and incorporated herein by its reference.~~

While unnecessary for Project implementation, the Lease is also updated by the amendment or adding of City Ordinances adopted since the Port Commission's approval of WCR's existing Lease No. L-12540 on March 9, 1999:

2.4 Other Approvals Necessary to Implement the Project.

The Project requires a SWFP from the San Francisco Bureau of Environmental Health, with concurrence by the California Integrated Waste Management Board, to accept and process recyclable materials that will contain residual waste volume greater than ten percent. In addition, an amendment to SFC's existing development permit from the BCDC is required.

PART 3.0 CEQA ANALYSIS OF PROJECT IMPACTS

3.1 CEQA Requirements to Analyze Impacts of Proposed Projects.

The California Environmental Quality Act ("CEQA"), Public Resources Code Section 21000, *et seq.*, requires an analysis of the potential environmental impacts of discretionary projects proposed to be carried out or approved by public agencies. Public Res. Code §21080(a). If a lead agency determines that a proposed project would not have a significant effect on the environment, or that mitigation measures are available that if adopted, would lessen to a level of insignificance identified potentially significant impacts, then the lead agency is required to adopt a Negative Declaration. Public Res. Code §21080(c). If, however, there is substantial evidence that the proposed project may have a significant impact on the environment, then the lead agency is required to prepare and adopt an EIR. Public Res. Code §21080(d).

An EIR or a Negative Declaration, once adopted and certified as in compliance with CEQA by the lead agency, is deemed legally adequate for use by all other agencies with discretionary approval authority over the project. CEQA Guideline §15096. Once a lead agency adopts and certifies an EIR or Negative Declaration for a project, CEQA precludes other agencies with discretionary approval authority over the project from preparing additional environmental documentation unless the requirements of Public Res. Code §21166 and CEQA Guidelines §15162 (subsequent EIR), 15163 (supplemental EIR), or 15164 (an addendum to an EIR or Negative Declaration) have been met.

3.2 Overview of the CEQA Analysis for the Project

A. Port of San Francisco Waterfront Land Use Plan EIR

The Project is located at Pier 96, and is therefore required to be consistent with the Port's *Waterfront Land Use Plan* ("Waterfront Plan"). The Waterfront Plan was adopted by the Port to govern future uses and development within the Port's approximately 7.5 miles of jurisdiction, covering the San Francisco waterfront generally from the Hyde Street Pier to India Basin, including Pier 96. The Waterfront Plan allows new development on Port property, with a mixture of maritime and commercial uses anticipated generally north of China Basin and predominately maritime expansion from Pier 70 south, in an area referred to as the Southern Waterfront. Pier 96 is located within the Southern Waterfront.

To analyze the environmental impacts of the Port's Waterfront Plan, the San Francisco Planning Commission certified a Program EIR on January 9, 1997, entitled the *Port of San Francisco Waterfront Land Use Plan Final EIR* ("FEIR"). CEQA authorizes the adoption of Program EIR's where a series of projects are proposed as part of plan. CEQA Guidelines §15168.

B. Southern Waterfront Supplemental EIR

SEIR Project Description and Conclusions. After the certification of the FEIR and the Port's approval of the Waterfront Plan, six lease applications were submitted to the Port for proposed uses of property within the Southern Waterfront. In addition, the Port was interested in undertaking a public project to construct a rail and truck bridge across Islais Creek to improve access between the Port's major maritime terminals. The Port determined that these proposed projects, while consistent with the Waterfront Plan, had not been specifically analyzed in the FEIR. Thus, pursuant to CEQA Guideline Section 15163, a supplement to the FEIR ("Supplemental EIR" or "SEIR") was prepared to update the FEIR by analyzing the specific impacts of the six lease applications (the "Industry Group" project components) and the Port's proposed Illinois Street Rail and Vehicle Bridge project over Islais Creek. SEIR, pp. 5-22.

Because the Southern Waterfront, as defined in the Waterfront Plan, includes areas of potential future development not proposed by the Industry Group or the Port at the time of SEIR preparation, the SEIR also analyzed potential long-term future development in the other portions of the Southern Waterfront. In particular the SEIR analyzed growth in cargo shipping at Piers 80 and 94-96, expansion of the Port's dredge material handling program, and potential development on Piers 90-94 and at and near Pier 70. SEIR p. 22. This mix of uses which, for CEQA purposes comprise the "Project" analyzed in the SEIR, includes an assumption of increases in truck and vehicle trips associated with potential increases in SFC operations at Pier 96. Although no specific development proposals had been made at these sites, the relatively intensive uses were assumed in the SEIR to produce a conservative assessment of environmental impacts. SEIR, p. 23. However, the SEIR noted that implementation of any development projects on these sites would be subject to additional project-specific environmental review. SEIR, p. 23.

The Planning Commission certified the SEIR on February 15, 2001, which concluded that by 2015 the Industry Group and Islais Creek projects, combined with potential future growth estimates in other portions of the Southern Waterfront, would result in significant and unmitigated cumulative traffic impacts during peak commute hours at the following four intersections:

- Mariposa Street/1-280 southbound on-ramp (LOS F in a.m. peak hour; LOS E in p.m. peak hour);
- Mariposa Street/1-280 northbound off-ramp (LOS F in a.m. peak hour; LOS E in p.m. peak hour);
- Third/Mariposa Streets (LOS E in a.m. and p.m. peak hours); and
- Evans Avenue/Cesar Chavez Street (LOS E in a.m. peak hour).

SEIR, p. 165.

The SEIR also concluded that the Industry Group and Islais Creek projects, combined with potential future growth estimates in other portions of the Southern Waterfront, would generate maximum daily emissions of reactive organic gases (ROG), nitrogen dioxide (NOx), and respirable particulates (PM-10) in excess of the significance threshold of 80 pounds per day in both 2003 and 2015. The significance threshold for annual ROG and NOx emissions of 15 tons per year would also be exceeded in each year. In addition, the SEIR includes a conservative determination that emissions of PM-10 and diesel particulate emissions would be cumulatively significant, although those emissions from the SEIR Project alone would not be significant. The significant cumulative impact determination was made because there is no quantified data of PM-10 or diesel emissions from the multitude of existing (outside) sources.

The SEIR concluded that even with the implementation of mitigation measures, traffic impacts on the four intersections and increases in daily emissions of ROG, NOx and PM-10 would continue to be significant.

SEIR Alternatives. In light of the significant impact conclusions described above, the SEIR analyzes three alternatives to the SEIR project. Of those, only one , Alternative A, No Project affects the proposed SFC lease amendment. The other two alternatives involve land use modifications that do not change the SFC activity assumed in the main SEIR analyses. Each of these Alternatives are discussed below.

- Alternative A: (the "No Project" alternative)
  This alternative entails no change to existing conditions in the Port's Southern Waterfront. Under Alternative A, none of the proposed leases or other prospective uses described in the SEIR would be implemented, including increases in SFC recycling operations at Pier 96. The SEIR concluded that the No Project Alternative would be environmentally superior to the Project because it would reduce or avoid the significant environmental impacts that would be generated by the SEIR Project.

- Alternative B (the "Reduced Scale Alternative)
  This alternative assumed most but not all of the same proposed leases and prospective uses assumed in the SEIR Project, with the exception of Mission Valley Rock and British Pacific asphalt plants and Coach USA bus storage and maintenance facility. Alternative B also assumes less intensive levels of activiity in other uses than those included in the SEIR Project: lower concrete production volumes; lower projected growth in cargo shipping due to a decrease in aggregate shipments needed to support concrete batch plant businesses; and no assumed development in the Pier 90-94 backlands. Alternative B does not alter the use assumptions for SFC's operations. Accordingly, this Alternative is not applicable to the Port Commission's consideration of approval of the SFC lease amendment.

- Alternative C (Residential Use Future Scenario)
  This Alternative assumed the same proposed leases and prospective uses as the SEIR Project, except that it would include a mix of residential and office/research and development uses in the Pier 70 Mixed Use Opportunity Area. Alternative C does not alter the use assumptions for

SFC's operations. Accordingly, this Alternative is not applicable to the Port Commission's consideration of approval of the SFC lease amendment.

C. Negative Declaration for the Project.

Subsequent to the certification of the SEIR, SFC proposed modifying its existing recycling operations at Pier 96 by accepting and processing recyclable materials with residual waste volume greater than 10 percent of the total volume processed at the facility. This operational change requires a SWFP from the San Francisco Health Department, with concurrence from the California Integrated Waste Management Board (see discussion in Section 1.2), and an amendment to its lease with the Port. SFC also proposes increasing the average daily amount of recyclable materials processed from 1,200 to 1,400 TPD.

Although the SEIR analyzed potential long-term future development in general terms in portions of the Southern Waterfront, including Pier 96, it did not analyze the impacts of WCR's specific Project. The San Francisco Department of City Planning ("City"), as lead agency, therefore prepared and circulated a Preliminary Negative Declaration for public comment to analyze the specific environmental impacts of the Project.

Pursuant to CEQA Guideline Section 15152, the City "tiered" the Preliminary Negative Declaration from the SEIR. "Tiering" refers to situations where, as here, an EIR has been certified for a plan, and subsequently a more narrowly defined project than the one analyzed in the EIR is proposed. When tiering is used, CEQA requires the incorporation of the analysis contained in the certified EIR into the later environmental document. CEQA Guideline §15152(a). CEQA further provides that the later environmental document should only analyze the effects of the later project that:

(1) Were not examined as significant effects on the environment in the prior EIR; or
(2) Are susceptible to substantial reduction or avoidance by the choice of specific revisions in the project, by the imposition of conditions, or other means.

CEQA Guideline §15152(c).

Where the lead agency determines that a cumulative impact was adequately addressed in the certified EIR, that effect is not treated as significant for purposes of the later environmental document, and need not be discussed in detail. CEQA Guideline §15152(f).

Consistent with CEQA, City Planning, as lead agency, analyzed the potential impacts of the SFC lease amendment Project on land use, visual quality, population/housing, transportation/circulation, noise, air quality/climate, utilities/public services, biological resources, geology/topography, hydrology, energy/natural resources, hazards, and cultural resources. On the basis of its analysis, the City concluded that the incremental impacts of the Project on each of these areas of potential impact to be insignificant.

With respect to the SEIR conclusion that development of the Southern Waterfront by 2015 would cause significant and unmitigated impacts on four intersections, the Final Negative Declaration found that the contribution of traffic generated from WCR's proposed increase in operations would not be significant.

Specifically, the SEIR analyzed existing traffic conditions on intersections in the Project area and determined that they currently operate at a level of service ("LOS") of C or better during the morning ("AM") and evening ("PM") peak hours of traffic. LOS D is considered the minimum acceptable level of service in San Francisco. The SEIR also concluded that in 2015 there would be 2,607 AM peak traffic trips (7:00 a.m. to 9:00 a.m.) and 2,223 PM peak traffic trips (4:00 p.m. to 6:00 p.m.). These cumulative peak hour traffic estimates assumed that future development on Pier 96 would contribute 113-peak hour AM trips and 101-peak hour PM trips. SEIR, p. 51. However the Project, as specifically proposed by WCR, would only contribute approximately 55 additional peak hour AM trips and 50 additional peak hour PM trips. Thus, the Final Negative Declaration concluded that the Project would not substantially affect the existing LOS at intersections in the Project area, and that the Project's impact and cumulative contribution to impacts on traffic conditions was less than significant.

Regarding air quality impacts, the SEIR concluded that the Industry Group and Islais Creek projects, combined with potential future growth estimates in other portions of the Southern Waterfront (including Pier 96), would generate maximum daily emissions of ROG, NOx, and PM-10 in excess of the significance threshold of 80 pounds per day in both 2003 and 2015. It also concluded that the annual significance threshold for ROG and NOx emissions of 15 tons per year would also be exceeded. However, the Final Negative Declaration concluded that the Project would not have a significant incremental air quality impact because the BAAQMD's threshold of significance criteria of 80 lbs/day for NOx, PM10 and ROG would not be exceeded. Specifically, the Final Negative Declaration concluded that total maximum daily and annual emissions of NOx and PM10 would decrease by 2003 as a result of the Project's proposal to phase out older trucks and replace them with new trucks, and upgrade other fleet trucks to use alternative fuels. With regard to ROG, the Final Negative Declaration concluded that the Project's incremental contribution of 0.5 pounds per day over existing emissions of 67.8 to be a less than significant impact.

The SEIR also analyzed cumulative regional air quality impacts and concluded that daily and annual volumes of ROG, NOx, and PM-10 would exceed BAAQMD significance thresholds. The SEIR therefore included mitigation measures to reduce the significance of these cumulative regional air quality impacts. Because the WCR Project is located in the Southern Waterfront, certain of these mitigation measures are applicable, and are discussed in Part 4, below.

Findings In Response to Comments Received on the Preliminary Negative Declaration. The Preliminary Negative Declaration was circulated for public review and comment from February 16, 2002 through March 20, 2002, and was adopted and certified by the City as being in compliance with CEQA on April 18, 2002. There were two comment letters submitted regarding the Preliminary Negative Declaration, one from the California Integrated Waste Management Board and one from the India Basin Neighborhood Association. As required by CEQA Guideline Section

15074(b), the Port Commission has reviewed the comments and finds that they do not identify any new, significant effects associated with the Project, and therefore no modification or revision to the Negative Declaration or additional environmental analysis is required.

Specific Findings in Response to March 27, 2002 Comments Received from the California Integrated Waste Management Board. The California Integrated Waste Management Board ("CIWMB") commented that the Preliminary Negative Declaration should have included additional information about the handling and processing of recyclable materials containing residual waste for disposal. The CIWMB further commented that the purpose of this additional information is to assist the San Francisco Health Department, as the Lead Enforcement Agency, in determining whether conditions should be imposed in the SWFP necessary to implement the Project The Port Commission hereby finds that the additional information requested by the CIWMB is not required by CEQA to be included in the Negative Declaration. Specifically, the information requested is not relevant to an analysis of potentially significant Project impacts, and would therefore be more appropriately included in WCR's permit application for a SWFP.

The CIWMB also requested prior notice of the public hearing at which the Negative Declaration is approved, or if approved without a public hearing, prior notice of the date the adoption of the Negative Declaration and the Project. The CIWMB also requested a copy of the Notice of Determination upon filing. The Port Commission acknowledges and will provide the CIWMB with the notices requested.

Specific Findings in Response to March 22, 2002 Comments Received from the India Basin Neighborhood Association. The India Basin Neighborhood Association ("IBNA") commented regarding the potential for the increased truck traffic generated by the Project to cause congestion and road damage in its neighborhood, and on the appearance of the Port-owned structures on Pier 96. The Port Commission hereby finds that the Negative Declaration adequately addressed the traffic/circulation impacts of the Project, and concluded that no significant unmitigatable traffic/circulation impacts would occur as a result of the Project, and that IBNA has not identified any identify any new, avoidable significant effects associated with the Project.

PART 4.0 MITIGATION MEASURES

The Port Commission finds that since approval and certification of the SEIR and Final Negative Declaration, none of the triggering conditions specified in Public Resources Code section 21166 and CEQA Guideline sections 15162 have occurred. Therefore, it finds that no subsequent EIR to the SEIR or Final Negative Declaration is required.

Accordingly, having reviewed and considered the information contained in the SEIR and the Final Negative Declaration, and the comments received on the Preliminary Negative Declaration, the Port Commission hereby finds there is no substantial evidence of incremental significant unavoidable effects associated with authorizing the uses proposed in the fourth amendment to Lease No. L-12540 to implement the Project. However, the WCR Project is located in the Southern Waterfront, and the SEIR concluded that cumulative development in that area will result in significant unmitigated cumulative increases in emissions of ROG, NOx, and PM-10. The Port

hereby finds that the SEIR adequately addressed these cumulative air quality impacts within the meaning of CEQA Guideline section 15152(f)(3)(C) and that CEQA Guideline section 15152(f)(1) therefore provides that these impacts are not to be treated as significant for purposes of the Final Negative Declaration and need not be discussed in detail. The Port further finds that implementation of the Project will not alter the SEIR's conclusion that cumulative development in the area will result in significant cumulative air quality impacts. Therefore, certain air quality mitigation measures identified in the SEIR, which includes a listing of the applicable mitigation measures originally presented in the WLUP FEIR, are applicable to the Project. All mitigation measures in the SEIR have alpha numeric codes which are used to refer to the measures in these findings. In some instances, modifications to SEIR mitigation measures are required, which are shown with additions underlined ~~and deletions struck through~~.

Those mitigation measures are discussed below. In addition, the below discussion addresses other mitigation measures identified in the SEIR, and explains why they are not applicable to the SFC lease amendment project.

4.1 Mitigation Measures Identified in the SEIR to Reduce Significant Cumulative Air Quality Impacts and Adopted, with Modifications, by the Port Commission

The Port finds that the following mitigation measures, adopted with modifications, as explained, and incorporated into the Lease, will reduce significant environmental effects and are hereby adopted for implementation through the Lease by the Port Commission.

C.3 Consistent with the City's Clean Air Program, the Port shall require that all tenants make a good faith effort to engage in operational practices sensitive to the environment and the neighboring community. In furtherance of this, the Port shall require that tenants operating a fleet of vehicles investigate the potential for use of low or zero emission vehicles and implement measures to reduce vehicle emissions to the maximum feasible extent. Options may include, but are not necessarily limited to, the use of low-emission diesel fuel (including low-sulfur diesel); the use of catalytic particulate traps for diesel-powered engines that are currently under study by the California Air Resources Board; the use of other emerging technologies to reduce diesel particulate emissions; and use of electric vehicles. The Port shall also require that tenants operating diesel-powered stationary equipment investigate similar options. Tenants shall investigate retrofitting existing engines and purchase of new engines. The Port shall further require that tenants who work with independent trucking contractors encourage those contractors to make similar efforts, including, if reasonably feasible, providing such truckers with economic incentives to retrofit equipment or take other measures as may be necessary to use low-emission fuels. As an economic incentive to minimize diesel emissions from Port property, Sanitary Fill Company ~~the Port~~ shall work with the Port and the City prior to any future rate-setting process to determine other feasible technologies or practices to further reduce emissions, City or other grant programs or possible funding proposals as part of the rate-setting process to pay for the ~~contribute towards~~ the incremental costs ~~incurred by its tenants for Port-approved~~ of the emission-reduction equipment and improvements in furtherance of this measure. SFC shall provide a bi-annual on September 30th and March 30th of each year to

the Port and San Francisco Department of the Environment reporting such emission reduction technologies, such that the two agencies can work together with SFC to identify funding resources as quickly and and efficiently as possible. ~~Finally, the Port shall establish a schedule by which tenants described above shall report to the Port on progress in investigating reduced-emission engines.~~

The modifications are made because the City has committed to providing assistance wherever possible to further reduce emissions associated with the City's recycling efforts.

B.3 The Illinois Street bridge that is proposed by the Port would improve operating conditions at Third Street and Cargo Way to an acceptable level of service (LOS C in the a.m. peak hour and LOS D in the p.m. peak hour), compared to conditions without the proposed bridge. To implement this measure, WCR has made a financial contribution to the Port of one million dollars.

While B.3 is primarily a traffic mitigation measure, the SEIR states that its implementation would also eliminate potentially significant air quality impacts. It is therefore applicable to the WCR Project. The underlined language is added to explain the manner in which this measure is being implemented.

4.2 Mitigation Measures Not Applicable to the Project

The Port finds that the following mitigation measures from the SEIR are rejected as inapplicable to the Lease for the reasons explained below. The SEIR, Chapter IV, Section J (pp. 161 – 164) contains a list of mitigation measures from the 1997 Waterfront Plan FEIR that are not applicable to the project analyzed in the SEIR because they pertain to Port property north of the project area. These measures are rejected as inapplicable to the Project. In addition, the SEIR contains a number of mitigation measures that are not applicable to the Project because the Project does not involve a use or activity for which the mitigation measure is relevant. The SEIR mitigation measures are found in Chapter IV, Sections A through I (pp. 143 – 161). The following mitigation measures from the SEIR are rejected for the reasons stated below.

- Measures that are not applicable because the Negative Declaration concludes that the Project will not have significant traffic, hydrologic or seismic impacts are: B.1, B.4 and B.5 (intersection improvements and transportation demand management programs); D.2, D.3 and D.4 (treatment or control of storm water discharged); G.12 and G.13 (emergency response and maintenance for seismic safety purposes).

- Measures that are not applicable because the Project will not involve any construction activities are: C.5 and C.6 (construction-related dust abatement); D.1 and D.5 (construction-related stormwater runoff controls); E.2 and E.4 (management of hazardous soil and building materials); G.1-G.6, G.10 and G.11, G.14, G.15-G.21 (building design and construction for seismic safety purposes); and I.1 (archeological resource protection during construction).

- Measures that are not applicable because the Project will not involve use of hazardous materials are: E.1 (hazardous materials emergency response plan), G.8 and G.9 (hazardous materials storage practices).

- Measures that are not applicable because the Project will not include the activity that gives rise to the need for the measure are: B.2 and C.4 (applies to Pier 70 and Pier 90-94 activities); C.1 (applies to construction aggregate industry activities); C.2 (applies to asphalt plant activities); E.3 (applies to Pier 92 activities); F.1 (applies to dredging activities) F.2 (applies to demolition or renovation of abandoned buildings); G.7 (applies to activities with more than 100 employees); and H.1 (applies to construction activities in Building 116 at Pier 70).

PART 5.0 SEIR ALTERNATIVES

As discussed in Part 2.2B above, the SEIR includes an analysis of three alternatives. Of the three, only Alternative A is applicable to the SFC Project. The Port Commission has reviewed and considered Alternative A and rejects this Alternative for the following reasons:

- Alternative A assumes current levels of recycling operations at SFC's Pier 96 facility. Without enabling the increased recycling activities that would be enabled by the proposed fourth amendment to SFC's lease, the City would not be able to meet the State mandate to recycle 50% of the wastes generated by the City and County of San Francisco, nor the City's own more aggressive recycling target of 75%. This would necessitate the need for the City to transfer more wastes to landfills, despite the opportunity to recapture many of those materials for reuse.

- Increased volumes of recycled materials produced by SFC which would benefit the Port's maritime operations by generating containerized cargo that may be shipped through of the Port's terminals to overseas customers, or domestic customers via freight rail would not be allowed to occur under Alternative A.

- The 100 new blue-collar, union wage jobs, many benefitting residents in the Bayview Hunters Point community, would be precluded under Alternative A.

PART 6.0 STATEMENT OF OVERRIDING CONSIDERATIONS

While the Negative Declaration concluded that the WCR Project does not have any individually significant impacts on the environment, the SEIR concluded that all projects undertaken in the Southern Waterfront area (including Pier 96) contribute to significant cumulative and unmitigable ROG, NOx, and PM-10 emissions. As noted above, CEQA Guideline section 15152(f)(1) provides that because such cumulative impacts were adequately addressed in the SEIR, they are not to be treated as significant for purposes of the Final Negative Declaration and need not be discussed in detail. The Port Commission finds that the social, economic, technological and other overriding considerations and benefits warrant approval of a third amendment to Lease No. L-12540 notwithstanding the significant and unavoidable increase in ROG, NOx, and PM-10 emissions in

the Southern Waterfront associated with cumulative development in that area, as identified in the SEIR. Specifically, the Port Commission finds that the third amendment to Lease No. L-12540:

1. Assists San Francisco in achieving its recycling goal of 75 percent by 2010 by increasing the amount of recyclable material diverted from landfill disposal;
2. Increases the maritime use of the Port of San Francisco;
3. Provides more than 100 union "living-wage" jobs;
4. Improve air quality by retrofitting recyclable hauling trucks with exhaust stack scrubbers, thereby significantly reducing particulate matter and NOx emissions, and using trucks that operate on Liquid Natural Gas, a clean burning fuel alternative, to haul residual waste from Pier 96;
5. Will assist in the improvement of traffic conditions in the 3rd Street and Cargo Way area by contributing one million dollars ($1,000,000) towards the construction of the Port's Illinois Street Bridge over Islais Creek.

Planning/oshima/pcomm/20

PORT OF SAN FRANCISCO

MEMORANDUM

June 19, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Denise McCarthy, Commissioner
Hon. Brian McWilliams, Commissioner
Hon. Pius Lee, Commissioner

FROM: Douglas F. Wong
Executive Director

SUBJECT: Request to Name the Planned Public Access Improvements South of China Basin Channel "China Basin Park" and Naming of "McCovey Point" within the Park.

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION NAMING THE PLANNED SHORELINE IMPROVEMENTS ALONG THE SOUTH SIDE OF CHINA BASIN CHANNEL "CHINA BASIN PARK" AND THE AREA AROUND THE PROPOSED STATUE WITHIN THE PARK "McCOVEY POINT".

BACKGROUND:

As a BCDC condition of approval for constructing Pacific Bell Park, the China Basin Ballpark Company ("CBBC") is required to construct public shoreline improvements along the south side of China Basin Channel east of Third Street between China Basin Channel and Terry Francois Boulevard, referred to as "China Basin Park". In 2001, the Port constructed a new riprap edge, which stabilized the shoreline in this area and established a permanent edge for the park. CBBC has prepared construction drawings that are under review with the Port, and intends to commence construction of the park this summer.

The final park design includes a statue of Willie McCovey located at the northeast point of the park. As with the Willie Mays statue at Pacific Bell Park, we expect that the McCovey statue will become a point of interest for park visitors, facilitating public activity within the park. CBBC has requested that the Port name the area around the statue "McCovey Point" (see June 18, 2002 letter attached) and will begin a fundraising campaign to partially offset the cost of the statue and the park.

This Print Covers Calendar Item No. **7A**

Concurrently, members of the South Beach community have suggested that the Port officially name the park "China Basin" in an effort to retain a name that recalls the history of the area. The community supports CBBC's request to name the point at which the Willie McCovey statue will stand. The Rincon Point-South Beach Citizens Advisory Committee ("CAC") is very enthusiastic about the current park design and voted unanimously to endorse the plan at the April 2002 CAC meeting.

PARK DESCRIPTION:

Construction of the park will reduce Terry Francois Boulevard in width to a 53-foot roadway surface where adjacent to China Basin Channel. This would accommodate up to four travel lanes plus two bike lanes. The immediate plans are to stripe it from Third Street to Mission Rock Street for two travel lanes plus parking along both the north and south curbs and a bike lane on each side.

The current layout of the park is attached (previously transmitted by memo to the Port Commissioners on June 11, 2002 as "Progress Report regarding China Basin Park"). The park will feature a waterfront walkway along its entire perimeter and a sidewalk along the street. Where adjacent to China Basin Channel, a decomposed granite pedestrian path is proposed adjacent to a sloped lawn area facing the water. Ample seating will be provided on a concrete seatwall between the shoreline path and lawn. The top of the seawall will be composed of flat "tiles" engraved with the names of donors who have contributed to the construction of the park and historical markers commemorating the history of San Francisco Giants baseball. Where the lawn meets the sidewalk along Terry Francois Boulevard, a planted row of trees will partially screen views of the parking area from the ballpark. The park will include seating, bicycle parking and places to enjoy views of the ballpark and the Bay.

The eastern end of the park that is adjacent to Pier 48 is proposed to include a lawn and children's "T-ball" field complete with bases and necessary fencing and a minor amount of seating. The Giants would use the field to support a Junior Giants T-Ball program and a league for disabled youth. To satisfy BCDC concerns, the outfield fence will be removed in the off-season to create a larger lawn area. As discussed earlier, a sculpture of Willie McCovey is proposed for the northeast corner of the park overlooking the Bay.

CBBC plans to begin construction in mid-July of this year. All park improvement costs are the responsibility of CBBC.

RECOMMENDATION: Approve Resolution Number 02-22 naming the park and its northeastern point of land.

Submitted By: Byron Rhett
Director, Planning & Development

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-22

WHEREAS, As a BCDC condition of approval for constructing the ballpark, the China Basin Ballpark Company ("CBBC") is required to construct public shoreline improvements along the south side of China Basin Channel east of Third Street between China Basin Channel and Terry Francois Boulevard; and

WHEREAS, In 2001, the Port constructed a new riprap edge, which stabilized the shoreline in this area and established a permanent edge for the park. CBBC has prepared construction drawings that are under review with the Port, and plans to commence construction of the park this summer; and

WHEREAS, The final park design includes a statue of Willie McCovey in the northeast corner of the park overlooking the Bay; and

WHEREAS, CBBC has requested that the Port Commission take action to name the area around the statue "McCovey Point" prior to groundbreaking, a proposal which has received support from members of the community; and

WHEREAS, Members of the community have urged the Port to name the park "China Basin" in an effort to recall the history of the area; now therefore, be it

RESOLVED, That the San Francisco Port Commission hereby officially names the shoreline open space improvements east of Third Street and north of Pier 48 and Terry Francois Boulevard as "China Basin Park" and further, officially names the point of land at the northeast corner of the open space "McCovey Point".

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of June 25, 2002.

_____
Secretary

JACK F. BAIR
Senior Vice President and General Counsel

June 18, 2002

VIA HAND DELIVERY

Doug Wong
Executive Director
Port of San Francisco
Pier One
San Francisco, California 94111

Re: China Basin Park

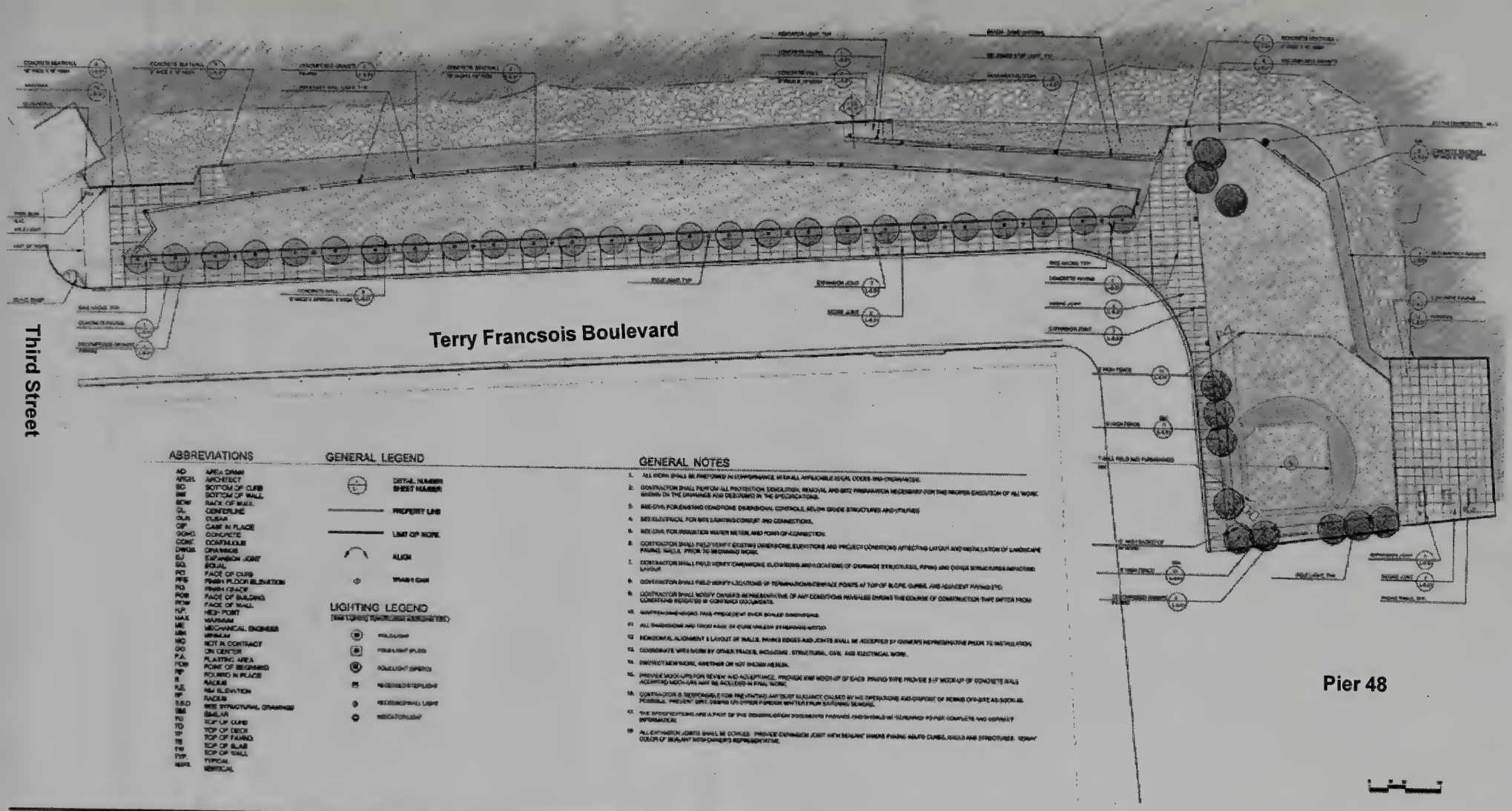
Dear Doug:

On behalf of the San Francisco Giants and the legions of fans who have followed the team over the years, I am writing to request that the northeastern portion of the soon-to-be-constructed China Basin Park be officially named McCovey Point. We have discussed this idea with your staff and members of the community and are pleased that it enjoys such enthusiastic and wide-spread support. If you have any questions or concerns, please do not hesitate to contact me. Thanks for your cooperation.

Sincerely,

Jack F. Bair
Senior Vice President &
General Counsel

JFB/chinabasinpark-wong1
cc: Peter Magowan
Larry Baer
Byron Rhett
Kari Kilstrom



ABBREVIATIONS

AD.	AREA DRAIN
ARCH.	ARCHITECT
BC	BOTTOM OF CURB
BW	BOTTOM OF WALL
BOW	BACK OF WALK
CL	CENTERLINE
CLR.	CLEAR
CIP	CAST IN PLACE
CONC.	CONCRETE
CONT.	CONTINUOUS
DRWG.	DRAWING
EJ	EXPANSION JOINT
EQUAL	EQUAL
FC	FACE OF CURB
FFE	FINISH FLOOR ELEVATION
FG	FINISH GRADE
FOB	FACE OF BUILDING
FW	FACE OF WALL
HP	HIGH POINT
MAX.	MAXIMUM
MECH.	MECHANICAL ENGINEER
MIN.	MINIMUM
NIC	NOT IN CONTRACT
OC	ON CENTER
P.A.	PLANTING AREA
POB	POINT OF BEGINNING
POC	POURED IN PLACE
R	RADIUS
RE	REFLECTED CEILING PLAN
RSE	RISE
SD	SEE STRUCTURAL DRAWINGS
SIM.	SIMILAR
TC	TOP OF CURB
TD	TOP OF DECK
TF	TOP OF FAIRING
TS	TOP OF SLAB
TW	TOP OF WALL
TYP.	TYPICAL
VERT.	VERTICAL

GENERAL LEGEND

- DETAIL NUMBER / SHEET NUMBER
- PROPERTY LINE
- LIMIT OF WORK
- FLUSH
- TRASH CAN

LIGHTING LEGEND

(SEE LIGHTING SPECIFICATIONS)

- POLE LAMP
- POLE LIGHT PLUS
- POLE LIGHT SPARQ
- RECESSED UPLIGHT
- RECESSED WALL LIGHT
- INDICATOR LAMP

GENERAL NOTES

1. ALL WORK SHALL BE PERFORMED IN COMPLIANCE WITH ALL APPLICABLE LOCAL CODES AND ORDINANCES.
2. CONTRACTOR SHALL PERFORM ALL PROTECTION, DEMOLITION, REMOVAL AND SITE PREPARATION NECESSARY FOR THE PROPER EXECUTION OF ALL WORK SHOWN ON THE DRAWINGS AND DESCRIBED IN THE SPECIFICATIONS.
3. BEFORE PROCEEDING CONFIRM DIMENSIONAL CONTROLS, BELOW GRADE STRUCTURES AND UTILITIES.
4. SEE ELECTRICAL FOR SITE LIGHTING CONDUIT AND CONNECTIONS.
5. SEE CIVIL FOR IRRIGATION WATER METER AND POINT OF CONNECTION.
6. CONTRACTOR SHALL FIELD VERIFY EXISTING DIMENSIONS, ELEVATIONS AND PROJECT CONDITIONS AFFECTING LAYOUT AND INSTALLATION OF LANDSCAPE PAVING, WALLS, PRIOR TO BEGINNING WORK.
7. CONTRACTOR SHALL FIELD VERIFY DIMENSIONS, ELEVATIONS AND LOCATIONS OF DRAINAGE STRUCTURES, PIPING AND OTHER SITE UTILITIES AFFECTING LAYOUT.
8. CONTRACTOR SHALL FIELD VERIFY LOCATIONS OF TERMINATION/DEPARTURE POINTS AT TOP OF SLOPE, CURBS, AND ADJACENT PAVING ETC.
9. CONTRACTOR SHALL NOTIFY OWNER'S REPRESENTATIVE OF ANY CONDITIONS REVEALED DURING THE COURSE OF CONSTRUCTION THAT DIFFER FROM CONDITIONS INDICATED BY CONTRACT DOCUMENTS.
10. MAINTENANCE HOURS: PARK PRESIDENT RIVER BOULEVARD DIMENSIONS.
11. ALL DIMENSIONS ARE FROM FACE OF CURB UNLESS OTHERWISE NOTED.
12. HORIZONTAL ALIGNMENT & LAYOUT OF WALLS, PAVING EDGES AND JOINTS SHALL BE ACCEPTED BY OWNER'S REPRESENTATIVE PRIOR TO INSTALLATION.
13. COORDINATE WITH WORK BY OTHER TRADES, INCLUDING: STRUCTURAL, CIVIL AND ELECTRICAL WORK.
14. PROTECT NEW WORK, EXISTING OR NOT SHOWN AS NEW.
15. PROVIDE MOCK-UPS FOR REVIEW AND ACCEPTANCE. PROVIDE MIN MOCK-UP OF EACH PAVING TYPE, PROVIDE 5-0" MOCK-UP OF CONCRETE WALLS. ADJUSTED MOCK-UPS MAY BE INCLUDED IN FINAL WORK.
16. CONTRACTOR IS RESPONSIBLE FOR THE REPAIR OF ANY DEBRIS CAUSED BY HIS OPERATIONS AND DISPOSAL OF REMAINING OFF-SITE AS SOON AS POSSIBLE. PRESENT SITE, DEBRIS OR OTHER PROPERTY WITHIN PUBLIC BUILDING SERVICES.
17. THE SPECIFICATIONS ARE A PART OF THE COORDINATION DOCUMENTS PREPARED AND SHOULD BE CONSIDERED TO BE COMPLETE AND CORRECT INFORMATION.
18. ALL EXPANSION JOINTS SHALL BE DOWELED. PROVIDE EXPANSION JOINT WITH SEALANT WHERE PAVING ABUTS CURBS, WALLS AND STRUCTURES. VERIFY COLOR OF SEALANT WITH OWNER'S REPRESENTATIVE.

Pier 48

SOUTH OF CHANNEL PARK

SAN FRANCISCO, CALIFORNIA

CLIENT	LANDSCAPE ARCHITECTS	CIVIL ENGINEERS
[illegible]	[illegible]	[illegible]

LAYOUT PLAN

L-1.01

PORT OF SAN FRANCISCO

MEMORANDUM

June 20, 2002

TO: MEMBERS, PORT COMMISSION
Hon. Brian McWilliams, President
Hon. Kimberly Brandon, Vice President
Hon. Denise McCarthy
Hon. Michael Hardeman
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Extension of Exclusive Right to Negotiate with San Francisco Cruise Terminal LLC for the Bryant Street Pier Project, including the James R. Herman International Cruise Terminal and Mixed Use Development Project, on Piers 30-32 and Seawall Lot 330, located at Bryant Street and The Embarcadero

DIRECTOR'S RECOMMENDATION: APPROVE EXTENSION OF EXCLUSIVE RIGHT TO NEGOTIATE WITH SAN FRANCISCO CRUISE TERMINAL LLC

BACKGROUND

On May 25, 1999, the Port Commission approved Resolution No. 99-36, authorizing Port staff to issue a Request for Qualifications/Proposals for the design and development of the Bryant Street Pier Project, including the James R. Herman Cruise Terminal, on Pier 30-32 and Seawall Lot 330 (the project).

On January 11, 2000, after an extensive review and evaluation of qualifications and proposals received, the Port Commission approved Resolution No. 00-03, authorizing Port staff to enter into exclusive negotiations with San Francisco Cruise Terminal LLC (SFCT) for the project. The Port and the Developer signed an Exclusive Right to Negotiate (the "ERN") on January 25, 2000. The ERN provided for an initial 9-month period of exclusive negotiations extending to October 24, 2000. The ERN allowed two additional option periods of 6 months each. SFCT exercised both of the options and extended the term of the ERN to October 24, 2001.

On October 18, 2001, the Port Commission approved Resolution No. 01-78, authorizing Port staff to extend the exclusive right to July 24, 2002 and established the following performance benchmarks:

OF SAN FRANCISCO
TEL 415 274 0400 TTY 415 274 0587 ADDRESS
FAX 415 274 0528 WEB sfport.com San Francisco, CA 94111

- 3(a): No later than November 15, 2001, SFCT shall prepare and submit to Port a revised schedule for obtaining all regulatory approvals, and update and submit to Port such schedule subsequently as needed or requested;

- 3(b): No later than April 30, 2002, SFCT shall submit and present to Port, and present to BCDC staff and the Rincon Point-South Beach Citizens Advisory Committee, a detailed development program and schematic drawings for Piers 30-32 consistent with the requirements of the public trust and AB 1389, including but not limited to floor plans, elevations, and renderings;

- 3(c): No later than June 30, 2002, SFCT shall submit and present to Port, and present to the Rincon Point- South Beach Citizens Advisory Committee, a detailed development program and schematic drawings for Seawall Lot 330, including but not limited to floor plans, elevations, and renderings, that is either a) consistent with the requirements of the public trust or b) assumes State action lifting the public trust from the Seawall Lot, which action must be agreed to in principle by the State Lands Commission staff and the Port Commission in its sole and absolute discretion;

- 3(d): No later than July 15, 2002, Port staff and SFCT shall finalize a Term Sheet that establishes the proposed project for purposes of regulatory review and lease negotiations, and addresses all financial and lease terms.

If the performance benchmarks are achieved by SFCT, Paragraph 4 of the ERN provides a 9-month extension ending in April 24, 2003 and requires SFCT to pay an extension fee of $25,000. If SFCT does not meet these benchmarks, the ERN provides that the Port Commission may agree to a 9-month extension or any term that the Port Commission so determines, provided that SFCT agrees to additional performance benchmarks as agreed upon by the Port Commission and pays an extension fee of $25,000.

The ERN provides that the Port shall waive the $25,000 extension fee if, among other reasons, the parties have been unable to execute a Development Agreement and Lease due to the failure of the San Francisco Department of City Planning Major Environmental Assessment ("MEA") to complete its environmental evaluation in time for approval of a Lease, or the failure of the Port Commission or Board of Supervisors to take action on a form of Lease and Development Agreement agreed-upon by Port staff and SFCT.

SFCT deferred its design work in December 2001 pending resolution regarding the disposition of SWL 330. Consequently, SFCT did not submit the required design for Piers 30-32 and SWL 330.

However, SFCT did submit project schedules, and negotiations between SFCT and Port staff have significantly progressed, resulting in a non-binding Term Sheet expected to be incorporated into the ERN. A summary of key provisions of the Term Sheet is provided in Exhibit A. Pursuant to the Term Sheet, SFCT will submit (1) a detailed development program and schematics for Piers 30-32 within 90 days after the date of the Term Sheet and (2) detailed drawings for SWL 330 within 90 days after the date of the Term Sheet.

The Term Sheet will be used as the basis for negotiation of a Disposition and Development Agreement, Pier 30-32 Ground Lease, SWL 330 Purchase and Sale Agreement and related agreements. It is anticipated that negotiation of the DDA and related transaction documents may take three to six months. These documents would then be considered for approval by the Port Commission and the Board of Supervisors.

SFCT has diligently pursued regulatory approvals for the project, including environmental review. SFCT started the Supplemental EIR process for the Cruise Terminal and Mixed Use project and the Brannan Street Wharf in December 2000 and the Planning Commission certified the SEIR on May 9, 2002. The SEIR is currently subject to an appeal to the Board of Supervisors. A hearing is scheduled for June 24, 2002.

RECOMMENDATION

As stipulated in the Term Sheet, staff recommends that the Port Commission will agree that failure to meet design performance benchmarks set forth in 3(b) and 3(c) in the First Amendment of the ERN will not constitute a default under the ERN on the terms set forth in paragraph 4 of the First Amendment subject to the following:

- 3(b) will be amended to require SFCT to submit detailed development and schematic drawings for Piers 30-32 no later than 90 days after execution of the Term Sheet;

- 3(c) will be amended to require SFCT to submit the detailed development program and schematic drawings for the Condo Project on SWL 330 no later than 90 days after execution the Term Sheet;

- The Port will waive the $25,000 extension fee in accordance with the terms of the ERN. However, as a condition to the ERN extension, SFCT shall pay to the Port upon execution of the Term Sheet $150,000 to pay for all reasonable Port costs associated with the negotiation of the DDA and related transaction documents. These transaction costs will be applied to attorney and consultant work during the first 90 days of negotiation, and these costs will be subject to readjustment and replenishment as agreed by the parties thereafter. Any unused funds will be returned to SFCT.

Port staff recommends that the Port Commission direct the Port Director to execute an extension of the ERN on the terms and conditions discussed above.

Prepared by: John Doll
Development Project Coordinator

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-23

WHEREAS, Charter Section B3.581 grants to the Port Commission the authority and duty to use, conduct, operate, maintain, manage, regulate, and control the lands within the Port jurisdiction; and

WHEREAS, under Charter Section B3.581(g) leases granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, on June 4, 1999, the Port issued a RFQ/P to design and develop a first-class "James R. Herman International Cruise Terminal" and mixed-use development at Piers 30-32 and Seawall Lot 330 (together, the "Bryant Street Pier Project'); and

WHEREAS, on September 3, 1999, Port staff issued the Request for Proposals ("RFP") for the Bryant Street Pier Project; and

WHEREAS, the Port Commission reviewed and evaluated the respondents and their responses and determined that San Francisco Cruise Terminal LLC ("SFCT") best meets the qualification requirements for design and development of the Bryant Street Pier Project; and

WHEREAS, the Port and SFCT executed an Exclusive Right to Negotiate agreement on January 25, 2000 for a period of nine months, with two six-month extension options; and

WHEREAS, on October 25, 2000, SFCT exercised the first extension option period, and on April 25, 2001 SFCT exercised the second extension option period; and

WHEREAS, on September 25, 2001, the Port Commission expressed its support of California State Assembly Bill 1389 enabling construction of a new cruise terminal at Pier 30-32 that would include public access, and to provide for the acceleration of the construction of the Brannan Street Wharf; and

WHEREAS, on October 4, 2001, the Governor signed AB 1389 into law; and

WHEREAS, on October 19, 2001, the Port and SFCT executed the First Amendment to Exclusive Right to Negotiate for a period of up to eighteen months; and

WHEREAS, SFCT has diligently undertaken development plans and sought environmental review in accordance with the Exclusive Right to Negotiate agreement, but due to the complexity of the Bryant Street Pier Project and regulatory approval process has requested an extension to the Exclusive Right to Negotiate, now therefore, be it

RESOLVED, that the Port Commission hereby authorizes the Executive Director of the Port to enter into an amendment to the Exclusive Right to Negotiate agreement on the general terms set forth in the Term Sheet signed between the Port Director and SFCT on June 25, 2002, including:

a) extension of the exclusive negotiating period to April 24, 2003;
b) satisfaction of certain performance benchmark tasks to be accomplished on or before September 24, 2002;
c) payment to the Port upon execution of the Term Sheet of all reasonable Port costs associated with the negotiation of the DDA and related transaction documents. These transaction costs will initially be in the amount of $150,000 and be applied to attorney and consultant work during the first 90 days of negotiation, subject to readjustment and replenishment as agreed by the parties thereafter.; and be it further

RESOLVED, that the Port will not enter into a final Lease Disposition and Development Agreement for the Bryant Street Pier Project which would allow for its development until there has been complete compliance with the California Environmental Quality Act (CEQA).

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of June 25, 2002.

_____
Secretary

Attachment A

Term Sheet Summary for the Bryant Street Pier Project, including the James R. Herman International Cruise Terminal and Mixed Use Development Project, on Piers 30-32, Seawall Lot 330, and Brannan Street Wharf

Proposed Use Program:

- Cruise Terminal: approximately 100,000 gross square feet facility to meet the operational needs of two 1000-foot cruise ships.
- Office space: maximum of 325,000 net square feet per AB 1389.
- Retail space: a range of approximately 150,000 to 190,000 net square feet to be determined based on market conditions and design feasibility.
- Condo Tower: approximately 137 units, 20 stories to be built on the western corner of the SWL 330. This site may range between approximately 16,000 to 20,000 square feet.
- No proposal on balance of SWL 330, but SFCT would "master-plan" massing for a hotel, time-share, residential and/or parking uses.
- Brannan Street Wharf : A waterfront park of approximately 57,000 square feet extending about 600 feet along The Embarcadero.

Proposed Construction Schedule:

- Port will deliver Condo site only if SFCT has obtained certain regulatory approvals for the Cruise Terminal project.
- Condo tower construction is anticipated to commence in 2003 and to be completed in 2005.
- Cruise Terminal and Mixed Use Project and Brannan Street Wharf to commence no later than June 30, 2006, subject to two one-year options to extend through June 30, 2008 with $150,000 payments for each extension.
- Per AB 1389, Brannan Street Wharf would be built at the same time as the Cruise Terminal project.

Key Financial Terms:

- SFCT will pay appraised fair market land value of the Condo tower site on SWL 330, including an up to $9 million up front payment.
- Sales proceeds from Condo tower site will be distributed in the following order:

    1. Repayment of debt (any loan will be limited to 75% of value);
    2. Payment to Port of any remaining market value of land in excess of $9 million;

3. Repayment to SFCT on its equity contribution to construct Condo tower;
4. 50% to SFCT and 50% to Port until Developer has received a 12.5% leveraged internal rate of return ("IRR") on (a) 85% of its predevelopment costs incurred prior to DDA execution related to the Piers 30/32 project and Condo tower project, and (b) 100% of costs incurred after DDA execution relating to the Condo tower project, and certain related costs for the Piers 30/32 project; and
5. Payment to Port of all residual amounts. The residual amounts are estimated at $30 million. These will partially fund the Cruise Terminal and Brannan Street Wharf projects.

- On completion of Piers 30-32 project, SFCT pays annual base rent of $850,000 (2002 dollars), CPI adjusted every 5 years;

- During construction of Piers 30-32 project, SFCT pays annual construction period rent of $150,000 (2002 dollars);

- Commencing on completion of 3rd year of operations or upon sale of all of a portion of the lease, Port receives annual participation rent of 25% of net operating income from all components of the Piers 30-32 project after SFCT receives 12% annual return on cost. For subsequent sales, Port receives 25% of net operating income after SFCT receives 10% annual return;

- If cruise terminal is sold to a different owner than the owner of the remainder of Piers 30/32 project, then owner of cruise terminal pays annual participation rent of 5% of net operating income generated from cruise terminal operations if NOI exceeds $2 million (no escalation);

- Port participates in 40% of net sale proceeds on first sale after leveraged IRR of 25% (applicable only within first 5 years of operation). On subsequent sales Port's participation reverts to 15% on all net proceeds throughout lease term;

- Port participates in 15% of all net refinance proceeds;

- Port will contribute all land sale and condo sale proceeds (estimated at $40 million) towards the costs of the Piers 30-32 and Brannan Street Wharf projects.

Cruise Terminal Operations:

- SFCT will be responsible for the repair and maintenance of Cruise Terminal and all above-deck structures and public access areas over the 66-year lease term. SFCT will be responsible for the first 50 years of all substructure repair and maintenance work and be required to set aside a "sinking fund" of reserves, adjusted during the term to provide satisfactory level of maintenance. Thereafter until end of lease term, SFCT is responsible but Port may contribute rent credits up to one-half of its rent for substructure repairs.

- SFCT pays for initial dredging; Port responsible for maintenance dredging.

- SFCT will manage terminal operator, stevedore company, and event coordinator throughout the lease term, subject to Port's reasonable approval. SFCT will make berth assignments with prior approval of Port. Cruise ships will have priority over Cruise Terminal events. Port and SFCT will jointly market Cruise Terminal.

- The initial term of Cruise Terminal operating agreement will be 20 years with options to renew so long as operator is not in default and meets certain performance, maintenance and operation standards to be negotiated.

- After the first 20 years of the lease term, SFCT may determine that Cruise Terminal operations are not longer economically feasible for SFCT to operate. Should this occur, SFCT may discontinue operations but must return Cruise Terminal ownership to Port so that Cruise Terminal will continue to operate.

- SFCT will collect all tariff fees associated with Cruise Terminal operations.

- SFCT may manage berths at other Port facilities during first 30 years and SFCT will pay Port tariff fees from such other operations to defray costs of maintaining other facilities.

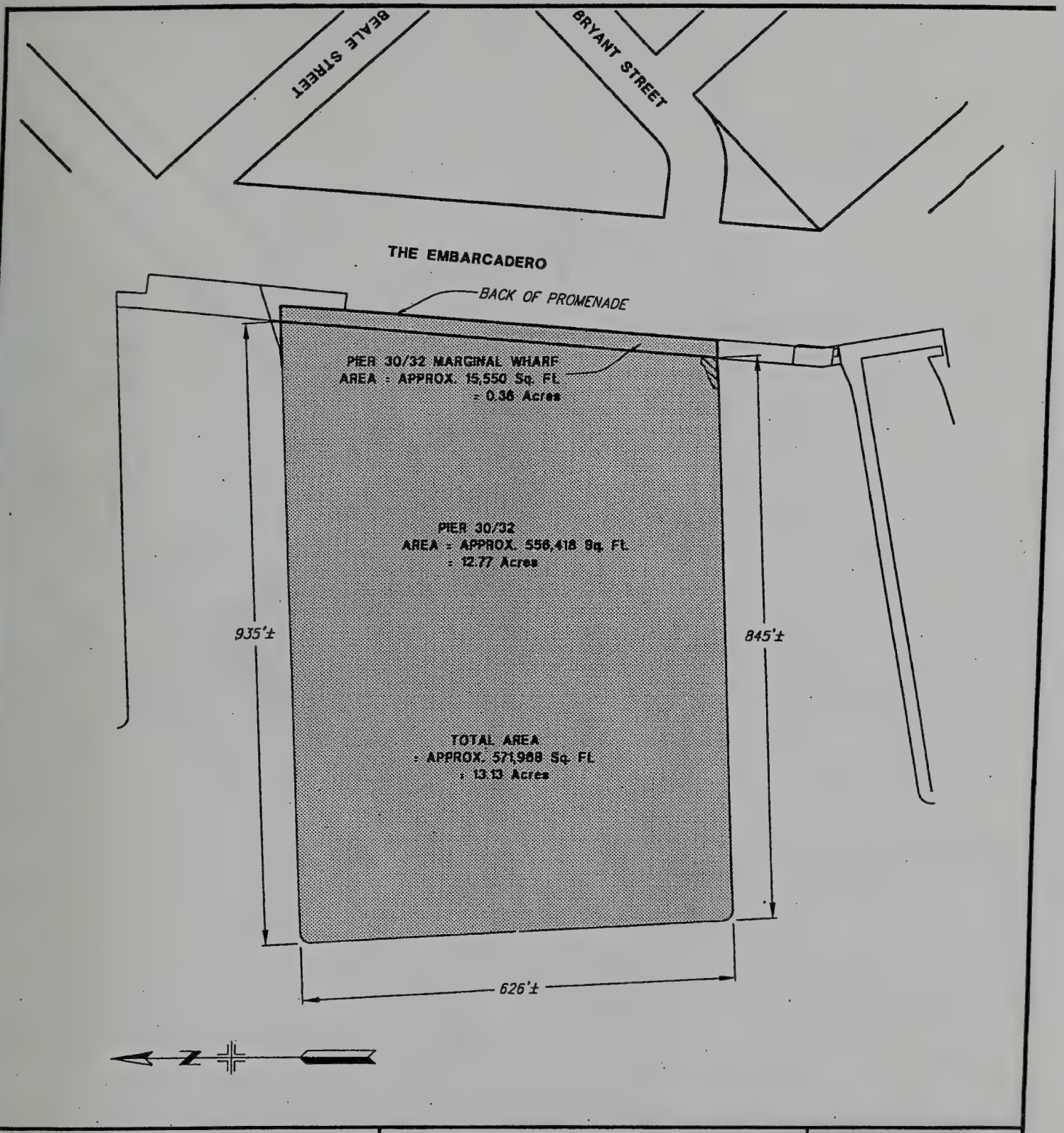
- For first 30 years of lease, Port will not develop other cruise terminals unless SFCT waives its first right to operate such facility.

Brannan Street Wharf:

- SFCT will perform all demolition and construction.

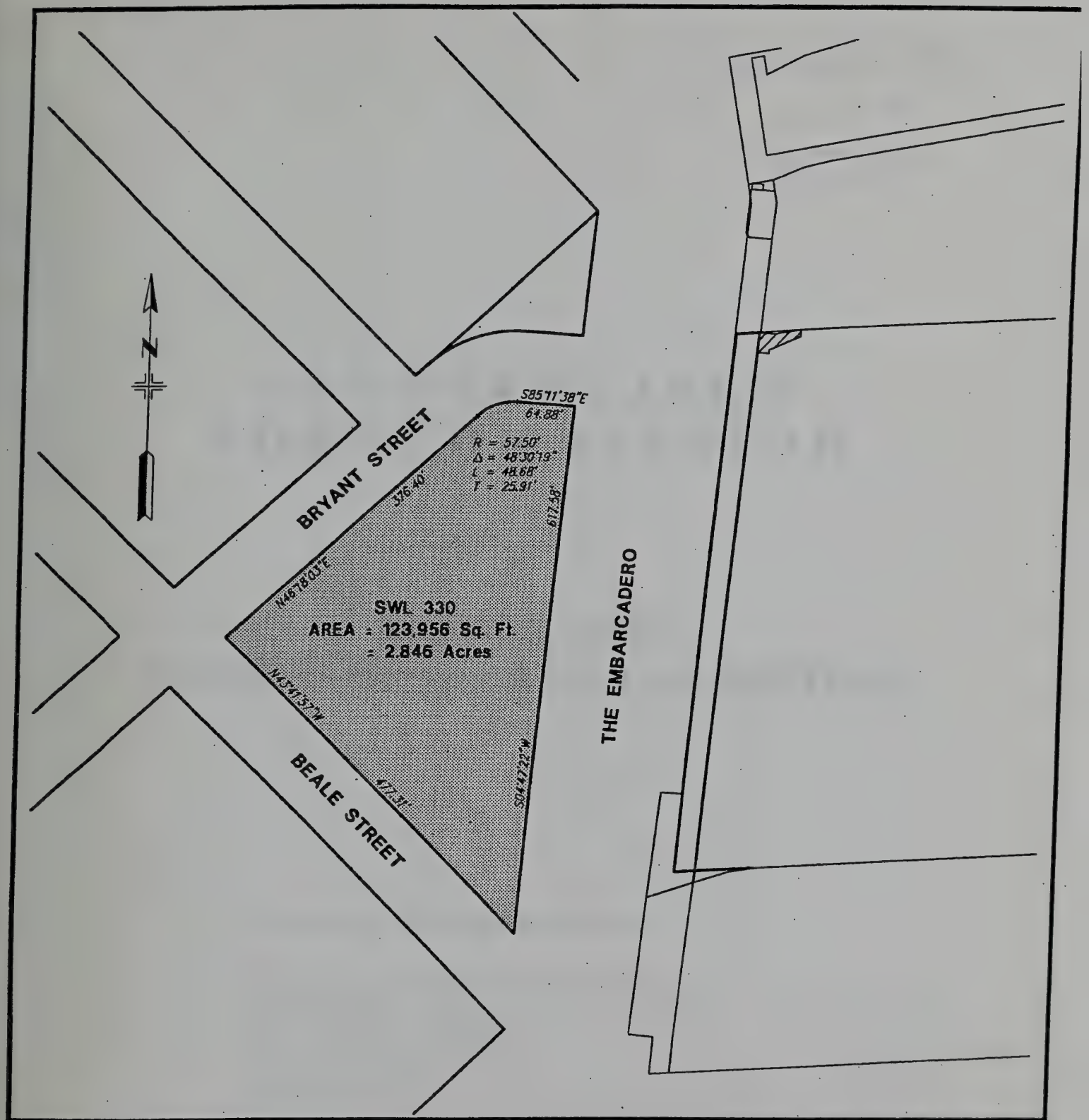
- In addition to its contribution from the land payment and condo proceeds, Port will contribute $6 million to the Brannan Street Wharf, plus its contribution from the land payment and condo proceeds, up to a total budgeted amount (currently anticipated to be approximately $15 million). Any cost overruns in excess of the Brannan Street Wharf budget will be borne by SFCT, but included as Pier 30-32 development cost for purposes of calculating participation rent.

- Port will maintain the Wharf.



PORT OF SAN FRANCISCO **SAN FRANCISCO PORT COMMISSION** **DEPARTMENT OF ENGINEERING**	**EXHIBIT 1** **SITE PLAN - PIER 30-32**	IN CHARGE OF: ED BYRNE DRAWN BY: AMN DATA FILES: XX DRAWING NO. BS_MUOA.dwg DATE: 26 MAY 99 SCALE: 1 = 150' NO. 1 OF 1

FILE: C:\Civil Cadd\Misc. Projects\PROJECT\BRYANT\BS_MUOA.dwg VIEW P2



PORT OF SAN FRANCISCO **SAN FRANCISCO PORT COMMISSION** **DEPARTMENT OF ENGINEERING**	**EXHIBIT 1** **SITE PLAN - SWL 330**	IN CHARGE OF: ED BYRNE DRAWN BY: AMN DATA FILES: XX DRAWING NO. BS_MUOA.dwg DATE: 26 MAY 99 SCALE: 1 = 150' NO. 1 OF 1

FILE: G:\Civil Codd\Misc. Projects\PROJECT\BRYANT\BS_MUOA.dwg VIEW P1

DOCUMENTS DEPT.
JUL 3 2002
SAN FRANCISCO
PUBLIC LIBRARY

SAN FRANCISCO
PORT COMMISSION

JUNE 25, 2002
MINUTES OF THE REGULAR MEETING

MEMBERS, PORT COMMISSION

HON. MICHAEL HARDEMAN, PRESIDENT
HON. KIMBERLY BRANDON, VICE PRESIDENT
HON. DENISE McCARTHY
HON. BRIAN McWILLIAMS
HON. PIUS LEE

DOUGLAS F. WONG, EXECUTIVE DIRECTOR

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE MEETING
JUNE 25, 2002

1. ROLL CALL

Commission President Michael Hardeman called the meeting to order at 4:05 p.m. The following Commissioners were present: Michael Hardeman, Kimberly Brandon, Denise McCarthy, Brian McWilliams and Pius Lee.

2. APPROVAL OF MINUTES - June 11, 2002 Regular Meeting

ACTION: Commissioner McCarthy moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; the minutes of the June 11, 2002 meeting were adopted.

3. EXECUTIVE

A. Executive Director's Report: Mr. Wong reported the following:

- 4th of July Waterfront Celebration
  On Thursday, July 4th, Mayor Willie Brown and the City & County of San Francisco will host the annual Independence Day celebration on the waterfront sponsored by the Port, the Fisherman's Wharf Merchants Association and Clear Channel Radio. This year's July 4th fireworks display and daylong celebration throughout the Fisherman's Wharf area are expected to draw hundreds of thousands of spectators to the waterfront. Pier 39, the Cannery, Ghirardelli Square and the San Francisco Maritime Park will each host activities that include live music, great food, maritime activities and fun for the entire family. The fireworks will begin at 9:30 p.m.

- Port Security Grant Award
  In March, the Port of San Francisco applied for a federal grant for security assessment & mitigation strategies. The grants were offered to critical national seaports to finance the cost of enhancing facility and operational security. This is part of a new program offered by the Transportation Security Administration, in conjunction with the Coast Guard and Maritime Administration. The awards were announced last week, and the Port of San Francisco received a $500,000 grant. He acknowledged Peter Dailey, maritime director, and members of his staff, John Davey and Mike Nerney, along with Taline Sanassarian, Government Affairs Manager, for their efforts on this project.

4. ADMINISTRATIVE SERVICES

A. Request for approval of Executive Director's Compensation for FY 2002/2003. (Resolution No. 02-24) (Staff report provided to the Commission.)

Kathy Mallegni, Assistant Deputy Director, presented the item and requested Commission's approval.

Commissioner McWilliams pointed out that the last resolved of the resolution should reflect the same percentage amount as noted in the staff report with regard to the Director's retirement contribution. It should be changed from 2.5% to 2.75%. Ms. Mallegni concurred with Commissioner McWilliams.

ACTION: Commissioner Brandon moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor; Resolution No. 02-24 was adopted.

5. CONSENT

A. Request for approval of the Port's Updated Rental Rate Schedule. (Resolution No. 02-19)

Commissioner Brandon inquired where the figures came from. Jeff Bauer, leasing manager, replied that it was based on a study done by the CAC Group, Whitney Cressman, BG Commercial and the Port's recent experience with the market and leasing.

Commissioner Brandon asked about the existing leases. Mr. Bauer replied if a tenant wants to renegotiate their lease, the new parameters would give the Port the ability to renegotiate and retain the tenants.

ACTION: Commissioner McCarthy moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 02-19 was adopted.

B. Request for approval of a Memorandum of Understanding with the SFCC Department of the Environment for a Compactor and Recycling Program at Pier 45. (Resolution No. 02-20)

Mark Bryant, Property Manager, noted that the amount of SFE's contribution to the project stated in the second paragraph of the resolution should be changed from $69,000 to $76,000.

Commissioner McCarthy asked if there are any tenants at Pier 45 Shed C that are not participating in the program. Mr. Bryant replied that all of the tenants are participating in the program. The billing will be determined upon the amount of weight and waste that each tenant places into the compactor unit.

Commissioner Brandon inquired if the total cost of the project is $76,000. Mark Bryant replied that the $76,000 would be SFE's contribution to the project. The Port will be contributing in the two locations as well as contributing to the labor costs involved for putting in the concrete pad that will support the two compactors and installing the electrical lines to power the compactors, the water lines and fencing. The other two compactors are going to be placed inside Shed C as a part of the Shed C development project.

ACTION: Commissioner McWilliams moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 02-20 was adopted.

6. MARITIME

A. Request for approval of CEQA Findings and approval of Fourth Amendment to and Restatement of Sanitary Fill Company Lease No. L-12540 and the termination of Sanitary Fill Company Lease No. L-12550 at Pier 96. (Resolution No. 02-21))

Phil Williamson, Property Manager, provided the Commission a brief background of the lease, its proposed use and proposed amendment.

Diane Oshima, Planning & Development, provided the Commission a brief summary of the CEQA Findings and SEIR impacts. There are two mitigation measures that are being applied to the Sanitary Fill amendment. One of those mitigation measures, Item C3, dealing with diesel reduction effort has been amended. A paragraph was inadvertently left out and some modest changes in one of the paragraphs (a revised copy was provided to the Commission). The paragraph that was inadvertently omitted was explanative information that describes Sanitary Fill Company's effort that have been completed to convert to liquefied natural gas for its transfer trucks to incorporate newer truck fleets on its collection trucks incorporating particulate dust traps in the exhaust systems to further reduce diesel emissions and to recognize Norcal and Sanitary Fill Company for the diesel reduction effort they have accomplished. Item C3 sets forth language explaining specifically how the Port will be working with Sanitary Fill Company, its other Norcal companies within San Francisco, the City through the Dept. of Environment to identify funding measures to help further the diesel reduction and possibly elimination strategies for this recycling center.

Phil Williamson stated that in addition to the amendment to the Lease L-12540, Sanitary Fill Company, under a separate agreement leases office space at Pier 96 and no longer requires the use of the space and asked for termination of that lease.

Referring to the first paragraph on page 6 of the staff report, Commissioner McWilliams' noted that SFC could be entitled to a rent credit if it generates more than the minimum TEU container requirement for that year and provided it has not generated a container deficiency for the preceding lease year and directly attributable to the shipment of containers loaded on the premises and shipped through the Port of San Francisco. It was his understanding that SFC would not be entitled to any rent credits if the containers are shipped out of the Port of Oakland or other place. Mr. Williamson replied to the affirmative. The lease currently reads that it limits activity only to the Port of San Francisco.

Commissioner McWilliams emphasized that it is important for the Port to generate those opportunities in the Port of San Francisco and work together with SFC/Norcal to make sure that those spaces are available and it can really happen. Port staff needs to be an active partner in making this work. The bigger picture has a huge impact in our ability to keep the port open. Mr. Williamson pointed out the efforts recently undertaken by Norcal i.e. working with Port staff to put the RFP out on the street and to commit to

doing that RFP on a regular basis, once or twice a year, and to keep our need for shippers apparent to the shipping community.

Commissioner McCarthy asked who is responsible for monitoring the EIR mitigation. Ms. Oshima replied that there would be an annual report that Sanitary Fill Company would submit that identifies whether there are any technologies that could be incorporated into their operations to reduce emissions. Sanitary Fill, the Port and the City, which is represented by the Dept. of the Environment, would pull together to identify what funding strategies are available. The Dept. of the Environment has a number of grant programs. A periodic rate setting process happens every five years which has been used in the past to fund a number of the emission reduction technologies that are already in place and to keep considering that as a funding source so that we could keep expanding our efforts to reduce the emissions.

Commissioner McCarthy asked about the type of materials that could be recycled and who would be monitoring the process. Ms. Oshima replied that the Dept. of Public Health performs the monthly inspection.

Don Gamblin, NorCal, added that with the issuance of the solid waste facility permit, the Dept. of Public Health as well as the Integrated Waste Management Board have responsibilities for monitoring their operations. At a minimum, they are required to do a monthly random inspection. The State Integrated Waste Management Board oversees the Dept. of Public Health to ensure that two levels of the inspections are performed. There are also reports that have to be made available to the Dept. of Public Health such as daily records on the types and quantities of recyclable materials that come in and out of the facility. Those have to be made available at any time at the beckoning of the Public Health as well as compiling that data into a monthly and quarterly reports that are then submitted to the Department of Health as well as the Dept. of the Environment and the Integrated Waste Management Board, as required.

The following individuals gave their support to this project and encouraged the Commission to adopt the resolution:

- Lorenzo Lewis, founding President of Bayview Rotary Club
- Michael Rabago, West Coast Recycling/NorCal
- Francisco Da Costa, Sanitary Fill Co.

Commissioner Brandon asked who is going to be responsible for the substructure in the new lease term. Phil Williamson replied that the substructure would be applicable to the area of the premises that is beneath the stringer, the area to the east of the building. The lease currently states that the premises description has that stringer area as a non-exclusive area for a sanitary fill company with an option to exercise an exclusive control over that area. Should they exercise that option, which has a four-year life span, they would assume full substructure responsibility for that stringer area. The rest of the premises is over land so there is no substructure issue.

Commissioner Brandon reiterated that is only applicable if they take on the additional option. Mr. Williamson replied to the affirmative. If they don't exercise the option, they

have to give up the non-exclusive right to it so it would be completely out of their area of influence.

Commissioner Brandon asked about the terms of Lease L-12550. Mr. Williamson replied that the term of Lease L-12550 is 10 years, with 6 years remaining on the lease. The lease has a termination clause that allows for a 12 month termination notice.

Commissioner Brandon asked about the job commitment to the surrounding community. Mr. Williamson replied that they were able to negotiate the first source hiring provision into the lease language. The first source hiring ordinance is a stand alone ordinance that has a big impact on how hiring is organized and done for entry level positions. A language has been added to the lease that commits the tenant to hire in the immediate area first. Those areas are sorted out geographically by zip codes in a concentric circle from Pier 96: 94134, 94124 and 94107. Norcal has committed to recruiting in that area and recognized that area as an important source of first entry level positions.

Commissioner Brandon asked what that meant in terms of jobs and commitment to the surrounding community for hiring people from those communities. Maurice Crow, General Manager of Sanitary Fill, replied that they have over one hundred individuals who come from the affected zip codes. The commitment they have is to exhaust that list of individuals prior to offering the jobs out to anyone else in the City and/or the community. At this point, the people whose names are on that list, in the event a position becomes available, they will have the first opportunity to apply for the position. Providing they get a successful background, evaluation, medical examination, drug and alcohol tests, they will extend the job offer to those individuals.

Commissioner Brandon thanked NorCal and Sanitary Fill Company for working with Port staff and the community to become a good corporate neighbor and hopes it will be a long experience.

Commissioner Hardeman echoed Commissioner Brandon's comments. Many meetings have taken place concerning this project. It has been a community based project, with the City, with the environmental groups, and neighborhoods. Everybody has compromised their positions but were willing to discuss and worked out arrangements for the betterment of everybody in the community and our recycling obligation to the City. He thanked Port staff for all their efforts and diligence on this project.

ACTION: Commissioner Lee moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor; Resolution No. 02-21 was adopted.

7. PLANNING & DEVELOPMENT

A. Request for approval to name the planned public access improvements south of China Basin Channel "China Basin Park" and Naming of "McCovey Point" within the Park. (Resolution No. 02-22)

Mr. Byron Rhett, Director of Planning and Development, presented the item and requested Commission's approval.

Jack Bair, San Francisco Giants, gave a brief overview of the park. He indicated that the Port completed the first phase of the project by doing the shoreline improvements. They are now ready to build the park. They have worked with BCDC, Port staff and the community to develop an active park. One component of the park is a T-ball field, a small field designed for toddlers (4-6 years old). The Giants would use the field to support a Junior Giants T-ball program and a league for disabled youths. There will also be a picnic area to be used before and after the games. At the north side of the park would be an open-grass area and a sculpture of Willie McCovey is proposed for the northeast corner of the park. The resolution before the Commission would officially name that area McCovey Point. He acknowledged the efforts of Corinne Woods, Jeffrey Leibovitz from the Mission Bay/South Beach CAC, BCDC staff and Kari Kilstrom, Dan Hodapp, Phil Williamson, Byron Rhett and Carol Bach of Port staff on this project. Mr. Bair invited the Commission to the groundbreaking ceremony of the park which will be held on July 16th.

Commissioner McWilliams asked who is responsible for maintaining the park. Mr. Bair replied that under the lease, they will maintain and secure the park for the next 8 years then the responsibility will be turned over to the Port. Depending on how things might work, they may continue to maintain the park by contract with the Port.

Commissioner McCarthy asked if the park will be open at all times. Mr. Bair replied that the intention is that the park will be open all the times. There will be camera surveillance in the premises and it will be an open and safe park.

Commissioner Lee asked if the park will have a public restroom. Mr. Bair replied that there will be no public restroom in the park but there are toilets in the parking lot right across the street that will be available at all times.

Commissioner Brandon asked about the site of the park. Mr. Bair replied that the area is located along the south side of China Basin Channel east of Third Street between China Basin Channel and Terry Francois Blvd. The park would basically join the Lefty O'Doul bridge to Pier 48. Part of the street is being maintained to accommodate the park. There will be two lanes on both directions plus two bike lanes.

Corinne Woods, China Basin resident, indicated that they were concerned about making the park active to discourage the homeless. They supported a T-ball field because it will bring more activities in the park. Having the picnic area at the far end would encourage people to go through the park. They were also very pleased about the security at night. They asked the Giants specifically to name it China Basin Park because they lost that historic name both on the street which has now become Terry Francois Blvd. and China Basin Channel has become McCovey Cove. While the Giants may have liked to name it McCovey Park, they were agreeable to maintaining the historic name. She hoped that they will be able to put some plaques to show the history of China Basin to give people some historic context of the area. When this park is built, there will be two traffic lanes, a bike lane in each direction and parking on each side of the street, she asked the Port to limit the number of hours people could park there so it would not end up being an auxiliary parking area for the ballpark.

Commissioner Hardeman commented that this is a fantastic project. The Giants is doing a great job for the community and thanked them for all their efforts.

ACTION: Commissioner McCarthy moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 02-22 was adopted.

B. Request for approval of extension of Exclusive Right to Negotiate with San Francisco Cruise Terminal LLC for the Bryant Street Pier Project, including the James R. Herman International Cruise Terminal and Mixed Use Development Project, on Piers 30-32 and Seawall Lot 330, located at Bryant Street and The Embarcadero. (Resolution No. 02-23).

Mr. John Doll, Planning & Development, presented the item and requested Commission's approval. Mr. Doll mentioned that at yesterday's board meeting, the Board of Supervisors sent the SEIR back to City Planning for text clarification and refinements to the mitigation measures.

Mr. Doll asked the Commission to grant a 9-month extension to Lend Lease with three conditions:

- SFCT to submit schematic drawings for Piers 30-32 no later than 120 days, instead of 90 days as stated in the staff report, after execution of the Term Sheet. Lend Lease requested the 120 days reflecting the uncertainty that occurred at the Board of Supervisors meeting yesterday. They requested the extension of time to ensure certainty with regard to the EIR process. They will sign the ERN agreement by July 24, 2002. Staff believes that the certification process will be resolved within a month.

- SFCT to submit schematic drawings for the Condo Project no later than 120 days after execution of the Term Sheet, which has been signed.

- The Port would waive the $25,000 extension fee but in exchange, per the Term Sheet, SFCT would pay the Port $150,000 for all reasonable Port costs associated with the negotiation of the DDA and related documents. These transaction costs will be applied to attorney and consultant work during the first 90 days of negotiation and readjusted as necessary.

Mr. Doll requested the Commission to direct the Port Director to execute a 9-month extension of the ERN.

Judith Gatewood, Carpenter's Local Union 22, was concerned that a project of this size and scope is being planned with a private development company who has no union affiliation at this point nor have they made any overtures to the labor community in San Francisco. The union activities of the San Francisco Port in the waterfront were crucially important in creating the union environment that San Francisco workers depend on for their standard of living. They need to protect the same wages and conditions those workers in the past including James Herman gave so much for. If this project is to proceed forward, the labor community needs to be assured that it will be done by union workers and it would not be another corporate race to the bottom, sacrificing the standard of living and working conditions for corporate profits. The project must be done union,

all union and the developers of this project should be reaching out to the San Francisco labor community at this point. They want this work to go forward but they want assurances that it will go forward with a cooperative attitude with the labor community and that most importantly, the project would be union.

David Lupo, Carpenter's Local Union 22, seconded the previous speaker's comments and added that this is a time that working people across the country are fragmented and disenchanted of what's going on. They watched their jobs get shift away to other countries under the guise of free trade which means freedom to exploit workers and it is important for this City and the Commission to set a standard and set an example and ensure working families that they will be provided. In a situation like this if there is a developer that is offering any sort of discount, they should know that the corners that are being cut are cut off the dinner tables of those working families. The City should not allow that to happen.

Manny Flores, Carpenter's Local Union 22, concurred with the previous speakers' comments and added that this is especially important to the rank and file workers, especially to the workers who live in San Francisco. He asked the Commission to address their concerns.

Commissioner Hardeman directed the speakers to contact Port staff regarding their comments and concerns.

ACTION: Commissioner Brandon moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 02-23 was adopted.

8. NEW BUSINESS/PUBLIC COMMENT

Dan Strazzullo, All Shores Seafood Pier 45, indicated that Kirk Bennett was quoted in the latest issue of Seafood Products saying that the extension of Shed C is moving forward. Mr. Bennett was also quoted saying that "Piers 28 and 33 do not meet current health and water quality standards." Mr. Strazzullo indicated that he was not aware if any of the companies at Piers 28/33 do not meet the standards that they would either be closed down or fined by health or water quality. He claimed that the issues on the piers are mainly because the Port has seen fit to put horses on Pier 33 which is causing part of the problem. The holes in the pier drain into the bay which causes another problem. This is not part of the fish processing and it does not have anything to do with them. Comments like this hurt the fishing industry in general. With regard to Shed C, at the last Port Commission meeting, he delivered some notes to the Commission about their concerns at Shed C. A petition was signed by most of the processors at Pier 45 Shed B and D as well as a petition signed by prospective tenants showing concern about the traffic problems. One of their solutions was to use Shed A as a parking facility. At that time, they were told that Shed A would not be available because of other uses. Recently, the Port has come up with those uses i.e. museums and parking lot. Putting a museum at Pier 45 will increase foot traffic and having a parking lot there would also increase car traffic. With the development of Shed C, it would already cause traffic problems. The entrance to Pier 45 is going to become pretty interesting. He keeps hearing from the Port and Port staff that the fishing industry is very important to San Francisco. What seems to be happening is that the Port is putting up roadblocks to being able to do their business. One of the major tenants that

was on Pier 28/33 that the Port was looking to move to Shed C, as of this week, is moving away from the Port. He no longer wants to do anything with the problems. He feels that it's becoming a catastrophe. It will, however, cause him problems because he will be away from most of the processors. He feels it will far outweigh the problems at Shed C. Mr. Strazzullo indicated that at the last meeting, he submitted letters to the Commission from trucking companies expressing their concerns with the present conditions at Pier 45 as well concerns with the future development of Shed C. They have not heard about what's going on at Shed A. They have not received any response to those letters or response to their concerns expressed at the last meeting.

Tom Flowers, Flowers Associates, spoke about the proposed Embarcadero Hotel that the Commission will discuss in Executive Session. He was one of the parties who submitted a proposal on this project three years ago but was rejected for two reasons. It was alleged that he has less experience and that his proposal was not in conformance with the proposed RFP because his proposal included a timeshare development. He hopes that if the Commission grants the developer an extension, there should be a realistic option price on the property. He hopes, however, that the Commission does not grant them an extension before July 31 but let it lapse for a few days to give him and his associates the opportunity to discuss their option program which would give more money to the City and the Port.

Ernestine Weiss indicated that she attended the Pier 30/32 EIR hearing yesterday and agreed with the pier being built but she urged the Commission to monitor the toxic waste. At yesterday's meeting, she pointed out that she doesn't want this waterfront to become another Hunter's Point/Bayview situation causing cancer and other illnesses to the people. She also pointed out that offices were a bad idea at the terminal. It should be entertainment and other things. Being that the market has bombed on offices, she hoped that the Port would rethink the office use in its negotiations for the Pier 30/32 and Pier 27/31 projects. It's a bad idea then, it's a bad idea now and it's a bad idea for the future because she does not foresee it turning around into a huge office market.

Jim Lazarus, San Francisco Museum of Historical Society, outlined some activities with Port staff on behalf of the SF Museum of Historical Society and the Musee Mecanique, an attraction at the Cliff House that has to be relocated when the Cliff House undergoes construction. Since the first of the year, he has taken over as executive director of the City Museum which exists more in storage than in reality. He thanked the Mayor's office as much of the collection is stored at Treasure Island and the small part of the collection is on exhibit at the South Light Court of City Hall. Early this year, the City Museum, a non-profit, has merged with the San Francisco Historical Society which the Port has worked with in the past. Their mutual goal, as quickly as possible, is to establish a world-class City history museum. Their goal is to respond in August to the City's RFP for the reuse of the Old Mint as a combined City visitor center and City museum. They expect that the RFP is responded to at the end of August and awarded at the end of year. They are looking at 2-½ to 3 years away. The plight of the Musee Mecanique at the Cliff House gave him the thought that two organizations could come together and find a home temporarily for the next 2-3 years. They are interested at Pier 45 Shed A, not permanently because there has been a lot of issues regarding its permanent use, discussions within the fish processing industry, discussions with Port's earlier activities to find a long-term tenant, the possible use of Shed A for a Bay Center Education and Bay Environmental Discovery Center that is being worked on by Chris Martin. With Port staff,

they have come up with a plan on an interim basis for the next 2-3 years that would allow the Musee Mecanique and the Museum to jointly use a portion of the pier while allowing the rear of the pier to be available for fish processing, storage uses that might have to be relocated out of Shed C and interim parking, which is an issue with the condition of the apron behind the Franciscan Restaurant. He hopes to be on the Commission's agenda on July 9th with a lease proposal that would put the Musee Mecanique in a portion of the front of Shed A for about 2-½ years. They will take the front areas behind the proposed Red & White offices, approximately 11,000 s.f. and put a combined museum of San Francisco History with mechanical amusements of the Musee Mecanique with an entry from the right hand truck door and another one on the apron. There will be cross access from Taylor and the restaurants down to the apron where the Pampanito and the O'Brien are located. There will be a gated museum, which would be a revenue source for the museum and the Port and eventually allowing the expansion of the Pampanito in the next year or so and they will vacate as the Musee Mecanique goes back to the Cliff House or at the Old Mint or other permanent location. This allows the parking resources the Port needs on a temporary basis to exist without conflict with the museum uses on a temporary basis. They are figuring out the cost to make this happen. They expect to be back to the Commission by July 9th. Musee Mecanique is on a time crunch to be out of the Cliff House in mid-September and be relocated. The Fisherman's Wharf Advisory Committee unanimously supported the concept of this interim use.

9. EXECUTIVE SESSION

ACTION: Commissioner Brandon moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

At 5:30 p.m., the Commission withdrew to executive session to discuss the following:

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative. *

a. Property: Embarcadero Hotel
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*Stanford Hospitality Inc.: Lawrence Lui

b. Property: Pier 45
Person Negotiating: Port: Mark Lozovoy, Acting Deputy Director of Real Estate
*Red & White Fleet: Tom Escher
This item was taken off the calendar.

c. Property: Pier 7
Person Negotiating: Port: Mark Lozovoy, Acting Deputy Director of Real Estate
*Waterfront Restaurant: Al Falchi
This item was taken off the calendar.

d. Property: Pier 70
Person Negotiating: Port: Mark Lozovoy, Acting Deputy Director of Real Estate
*Delancey Street: Rick Mariano

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER:

a. Discussion and action of anticipated litigation matter "as defendant" pursuant to Section (b) of California Government Code Section 54956.9. (1 case):

- North Atlantic Seafood: Consideration and possible action on Settlement Agreement.

10. RECONVENE IN OPEN SESSION

At 6:08 p.m., the Commission withdrew from executive session and reconvened in executive session.

ACTION: Commissioner Brandon moved approval to adjourn executive session and reconvene in open session; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon moved approval to not disclose any information discussed in executive session; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

11. ADJOURNMENT

ACTION: Commissioner Brandon moved approval to adjourn the meeting; Commissioner Lee seconded the motion. All of the Commissioners were in favor. The meeting was adjourned at 6:09 p.m.